State of Rhode Island and Providence Plantations

Donald L. Carcieri, Governor

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2005

Prepared By:

Department of Administration

Beverly E. Najarian, Director of Administration

Office of Accounts and Control

Lawrence C. Franklin, Jr., CPA, State Controller

State of Rhode Island and Providence Plantations
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2005

TABLE OF CONTENTS

Page

INTRODUCTORY SECTION

Letter of Transmittal 1

Organization Chart 5

Officials of State Government 6

FINANCIAL SECTION

Independent Auditor's Report - Report of the Auditor General…….. 7

Management's Discussion and Analysis..... 11

Basic Financial Statements

Government-wide Financial Statements:

Statement of Net Assets 23

Statement of Activities 24

Fund Financial Statements:

Balance Sheet – Governmental Funds..... 26

Reconciliation of the Balance Sheet of the Governmental Funds to Statement of Net Assets for Governmental Activities 27

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds 28

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities 29

Statement of Net Assets – Proprietary Funds..... 30

Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds 31

Statement of Cash Flows – Proprietary Funds 32

Statement of Net Assets – Fiduciary Funds 34

Statement of Changes in Fund Net Assets – Fiduciary Funds 35

Notes to Basic Financial Statements..... 36

Required Supplementary Information:

Budgetary Comparison Schedule – General Fund 94

State of Rhode Island and Providence Plantations
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2005

TABLE OF CONTENTS

Page

Budgetary Comparison Schedule – Intermodal Surface Transportation Fund 117

Schedules of Funding Progress 118

Notes to Required Supplementary Information 119

Combining and Fund Statements:

Combining Balance Sheet – Nonmajor Governmental Funds 121

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds 123

Budgetary Comparison Schedule – R.I. Temporary Disability Fund 125

Combining Statement of Net Assets – Internal Service Funds 127

Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets – Internal Service Funds 130

Combining Statement of Cash Flows – Internal Service Funds 132

Combining Statement of Plan Net Assets – Pension Trust Funds 138

Combining Statement of Changes in Plan Net Assets – Pension Trust Funds 139

Combining Statement of Changes in Assets and Liabilities - Agency Funds 141

Combining Statement of Net Assets – Component Units 144

Combining Statement of Revenues, Expenses, and Changes in Net Assets – Component Units 148

STATISTICAL SECTION

Revenues by Source and Expenditures by Function - All Governmental Fund Types - Last Ten Fiscal Years 152

Ratio of Annual Debt Service To General Last Ten Fiscal Years 154

General Obligation Debt Per Capita - Last Ten Fiscal Years 154

Schedule of Ten Largest Private Employers in 2005 155

Schedule of Miscellaneous Statistics 155

Schedule of Personal Income and Per Capita Personal Income – 1995 through 2004 156

Schedule of Economic Indicators - 1995 through 2004 156

INTRODUCTORY SECTION

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
Department of Administration

Lawrence C. Franklin, Jr., State Controller
OFFICE OF ACCOUNTS AND CONTROL
One Capitol Hill
Providence, RI 02908-5883

OFFICE #: (401) 222-2271
FAX #: (401) 222-6737
TDD#: (401) 222-1227

February 17, 2006

The Honorable Donald L. Carcieri, Governor
State of Rhode Island
State House
Providence, Rhode Island 02903

Dear Governor Carcieri:

In accordance with Section 35-6-1 of the General Laws, we are pleased to submit to you the Comprehensive Annual Financial Report of the State of Rhode Island and Providence Plantations for the fiscal year ended June 30, 2005. This report was prepared by the State's Department of Administration - Office of Accounts and Control. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation rests with management. We believe the data, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the State as measured by the financial activity of the government-wide and fund perspective financial statements; and that all disclosures necessary to enable the reader to gain the maximum understanding of the State's financial affairs have been included.

This report has been prepared in accordance with generally accepted accounting principles for governments as promulgated by the Governmental Accounting Standards Board. It is presented in three sections: Introductory, Financial, and Statistical. The Introductory Section includes this letter of transmittal, the organization chart, and a list of officials of State government. The Financial Section includes the Independent Auditor's Report, the basic financial statements, required supplementary information and the combining and individual fund financial statements. The Statistical Section, which is unaudited, includes selected financial and demographic information, generally presented on a multi-year basis.

Accounting System and Budgetary Control

Management of the State is responsible for establishing and maintaining an internal control structure designed to provide reasonable, but not absolute, assurance that the assets of the State are protected from loss, theft, or misuse and that adequate accounting data are compiled to allow for preparation of financial statements in conformity with generally accepted accounting principles. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management. Managers in all branches and components of

government are required to maintain comprehensive internal control systems, to regularly evaluate the effectiveness and adequacy of these systems by internal reviews, and to submit an annual report on these internal controls to the Governor in accordance with the 1986 Financial Integrity and Accountability Act.

The Governor is required to submit to the General Assembly an executive budget for the General Fund which contains a complete plan of expenditures for the ensuing fiscal year and identifies the anticipated revenues sufficient to meet the proposed expenditures. Preparation and submission of the budget is governed by both the State Constitution and the General Laws of the State.

The budget as proposed by the Governor is considered by the General Assembly which, under State law, may increase, decrease, alter or strike out any items in the budget, provided the General Assembly may not take any action which would cause an excess of expenditures over expected revenues. No appropriation in excess of budget recommendations may be enacted by the General Assembly unless it shall provide the necessary additional revenue to cover such appropriation.

In addition, a State Budget Reserve Account is maintained within the General Fund. Annually, two percent of general revenues and opening surplus are set aside in this reserve account. Amounts in excess of three percent of the total general revenues and opening surplus are transferred to the bond capital fund to be used for capital projects, debt reduction and/or debt service. The reserve or any portion thereof, may be appropriated in the event of an emergency involving the health, safety or welfare of the citizens of the State or in the event of an unanticipated deficit in any given fiscal year, such appropriations to be approved by a majority of each chamber of the General Assembly. The balance in this reserve account at June 30, 2005 was $90.9 million.

Reporting Entity and Its Services

The funds and component units included in this report are those for which the State is accountable, based on criteria for defining the reporting entity prescribed in Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity* as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. The criteria include appointing a voting majority of an organization's governing body and (1) the ability of the State to impose its will on the organization or (2) the potential for the organization to provide specific financial benefits or impose specific financial burdens on the State. More information about the State reporting entity can be found in Note 1 to the basic financial statements.

The State provides a full range of services contemplated by statute or function. These include education, health and social services, transportation, law, public safety, recreation, public improvements, and comprehensive support.

General Fund Condition

The General Fund accounts for the financing of the principal operations of State government and most jointly financed state-federal programs. Revenues and other sources of the General Fund totaled $4,861.2 million in fiscal year 2005, an increase of $226.6 million (4.89%) from the previous year. The revenues from various sources and the change from the previous year are shown in the following tabulation (amounts in thousands):

	2005	2004	Increase (decrease) from 2004 Amount	Percent
Taxes:				
Personal income	$ 979,082	$ 870,203	$ 108,879	12.51%
Sales and use	1,043,704	998,676	45,028	4.51%
General business	302,589	246,226	56,363	22.89%
Other	51,395	41,528	9,867	23.76%
Subtotal	2,376,770	2,156,633	220,137	10.21%
Federal grants	1,655,563	1,664,496	(8,933)	-0.54%
Restricted revenues	105,367	105,737	(370)	-0.35%
Licenses, fines, sales, and services	238,256	239,263	(1,007)	-0.42%
Other general revenues	32,563	45,136	(12,573)	-27.86%
Subtotal	2,031,749	2,054,632	(22,883)	-1.11%
Total revenues	4,408,519	4,211,265	197,254	4.68%
Other sources	452,701	423,380	29,321	6.93%
Total revenue and other sources	$ 4,861,220	$ 4,634,645	$ 226,575	4.89%

Expenditures and other uses totaled $4,832.7 million in fiscal year 2005, an increase of $182.5 million (3.93%) from the previous year. Changes in expenditures and other uses by function from the previous year are shown in the following tabulation (amounts in thousands):

	2005	2004	Increase (decrease) from 2004 Amount	Percent
General government	$ 329,197	$ 297,662	$ 31,535	10.59%
Human services	2,504,107	2,409,512	94,595	3.93%
Education	255,762	71,990	183,772	255.27%
Public safety	328,824	311,642	17,182	5.51%
Natural resources	62,338	57,916	4,422	7.64%
Capital outlay	33,105	27,696	5,409	19.53%
Intergovernmental	1,121,818	1,046,510	75,308	7.20%
Debt Service:				
Principal	72,848	66,557	6,291	9.45%
Interest	52,293	52,483	(190)	-0.36%
Total expenditures	4,760,292	4,341,968	418,324	9.63%
Other uses	72,420	308,223	(235,803)	-76.50%
Total expenditures and other uses	$ 4,832,712	$ 4,650,191	$ 182,521	3.93%

As a result of the operating performance discussed above, the State's general fund ended fiscal year 2005 with an undesignated fund balance of $38.7 million an increase of $14.2 million.

Cash Management

The General Treasurer is responsible for the deposit of cash receipts and for the payment of sums, as may be required and upon due authorization from the State Controller. Major emphasis is placed by the General Treasurer on cash management in order to insure that there is adequate cash on hand to meet the obligations of the State as they arise.

The General Treasurer is also responsible for the investment of certain funds and accounts of the State on a day-to-day basis. In addition, the General Treasurer is the custodian of certain other funds and accounts and, in conjunction with the State Investment Commission, invests the amounts on deposit in such funds and accounts. The General Treasurer submits an annual report to the General Assembly on the performance of the State's investments.

Audit

The general-purpose financial statements of the State have been audited by the Auditor General as required by Section 35-7-10 of the General Laws. The Independent Auditor's Report is included in the Financial Section of this report.

Acknowledgements

We wish to express our sincere appreciation to the many individuals who assisted and contributed to the preparation of this report. It could not have been accomplished without the professionalism and dedication demonstrated by the entire staff of the Office of Accounts and Control, the Treasury Department, the Office of the Auditor General, and numerous other State agencies. We also want to thank the Governor and members of the General Assembly for their interest and support in planning and conducting the financial operations of the State in a responsible and progressive manner.

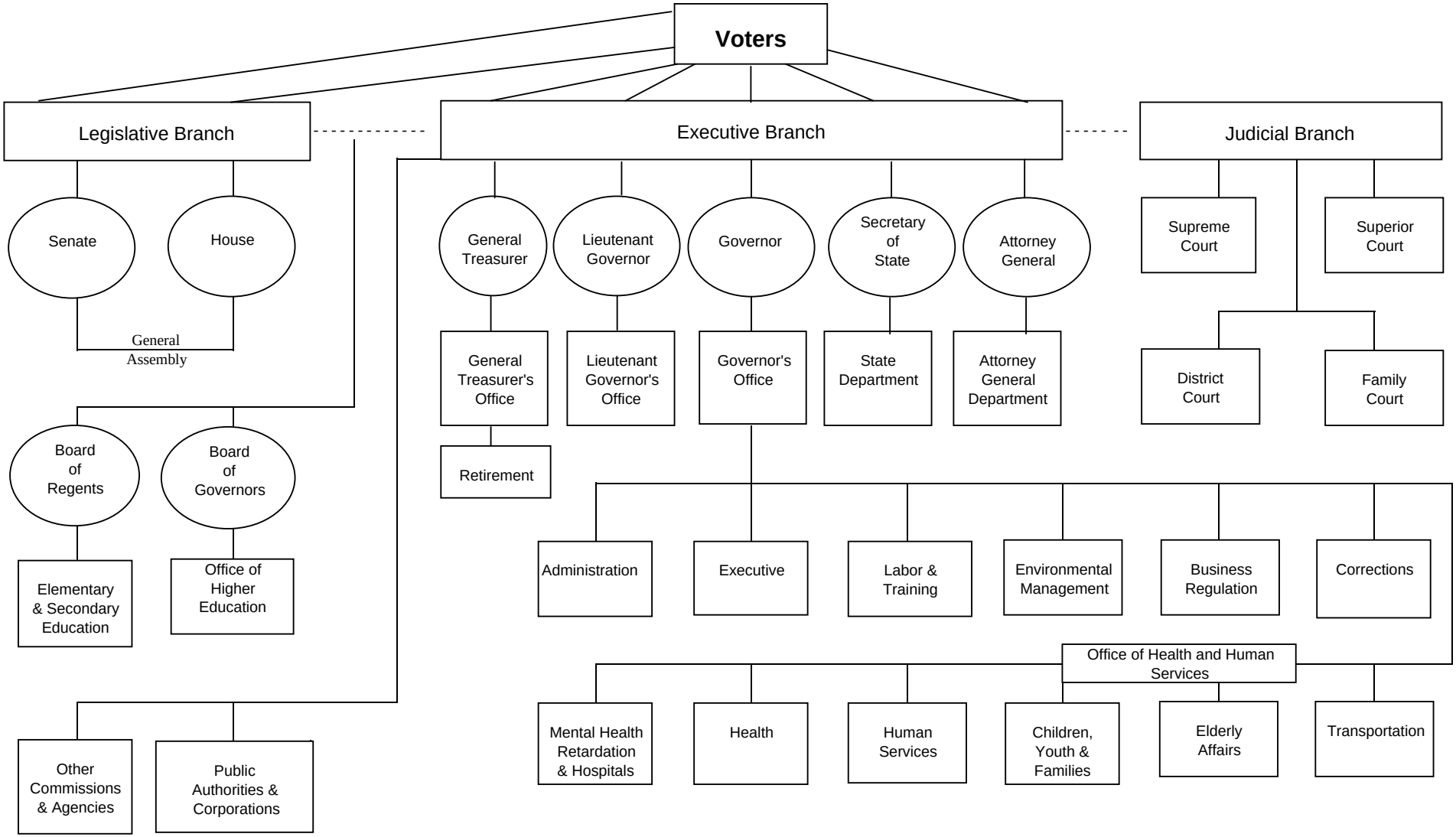
Respectfully submitted,

Beverly E. Najarian
Director

Lawrence C. Franklin, Jr., CPA
State Controller

Rhode Island State Government

Organization Chart



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

OFFICIALS OF STATE GOVERNMENT

EXECUTIVE BRANCH

Governor
Donald L. Carcieri

Lieutenant Governor
Charles J. Fogarty

Secretary of State
Matthew A. Brown

General Treasurer
Paul J. Tavares

Attorney General
Patrick C. Lynch

LEGISLATIVE BRANCH

Senate
President of the Senate
Joseph A. Montalbano

House of Representatives
Speaker of the House
William J. Murphy

JUDICIAL BRANCH

Chief Justice of the Supreme Court
Frank W. Williams

FINANCIAL SECTION

ERNEST A. ALMONTE, CPA, CFE
AUDITOR GENERAL
ernest.almonte@oag.ri.gov

STATE OF RHODE ISLAND and PROVIDENCE PLANTATIONS

GENERAL ASSEMBLY

OFFICE of the AUDITOR GENERAL

- INTEGRITY
- RELIABILITY
- INDEPENDENCE
- ACCOUNTABILITY

INDEPENDENT AUDITOR'S REPORT

Finance Committee of the House of Representatives and
Joint Committee on Legislative Services, General Assembly,
State of Rhode Island and Providence Plantations:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Rhode Island and Providence Plantations (the State) as of and for the year ended June 30, 2005 which collectively comprise the State's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the State's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of:

- certain component units which represent 3% of the assets and 1% of the revenues of the governmental activities and 1% of the assets and 3% of the revenues of the aggregate remaining fund information;

- the Convention Center Authority, a major fund, which also represents 38% of the assets and 2% of the revenues of the business-type activities; and

- component units which represent 100% of the assets and 100% of the revenues of the aggregate discretely presented component units.

Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the governmental activities, the business-type activities, the aggregate discretely presented component units, the Convention Center Authority major fund, and the aggregate remaining fund information, is based solely on the reports of the other auditors.

86 WEYBOSSET STREET ♦ PROVIDENCE, RHODE ISLAND 02903-2800 ♦ www.oag.ri.gov ♦ TEL 401.222.2435 ♦ FAX 401.222.2111

Except as discussed in the following two paragraphs, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

We were unable to obtain sufficient evidence regarding the completeness of the furniture and equipment, depreciable intangible, and building improvement categories of capital assets included in governmental activities at June 30, 2005. Due to insufficient physical inventories of capital assets and weaknesses in accounting controls over the accumulation of capital asset acquisitions and disposals, we were unable to satisfy ourselves as to the carrying value of these categories of capital assets and the related depreciation expense by other auditing procedures. The furniture and equipment, depreciable intangible, and building improvement capital asset categories represent $122 million or 8% of total recorded net governmental activities capital assets of $1,457 million at June 30, 2005.

We were unable to obtain sufficient evidence regarding the completeness of accounts payable and amounts due from other governments and agencies and related expenditures and federal revenue reported for the Intermodal Surface Transportation (IST) Fund, a major fund, due to weaknesses in accounting controls over the accumulation and reporting of information included in these account classifications.

Management has not presented encumbrances outstanding at June 30, 2005 as a reserved component of fund balance within the State's major governmental funds and other governmental funds or disclosed such amounts in the notes to the basic financial statements as required by accounting principles generally accepted in the United States of America. The amount by which this departure would affect the reserved and unreserved components of fund balance of the governmental funds is not reasonably determinable.

In our opinion, except for the effects of such adjustments, if any, on the IST Fund as might have been considered to be necessary had we been provided sufficient evidence regarding accounts payable and amounts due from other governments and agencies and related expenditures and federal revenue, and except for the omission of encumbrances outstanding at June 30, 2005 as a component of reserved fund balance of the governmental funds, based on our audit and the reports of other auditors, the financial statements referred to above, present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the State as of June 30, 2005 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In addition, in our opinion, except for the effects of such adjustments, if any, on the governmental activities included in the statement of net assets and the related statement of activities as might have been determined to be necessary had we been provided sufficient evidence regarding the carrying value of the furniture and equipment, depreciable intangible, and building improvement components of capital assets, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and the aggregate discretely presented component units of the State as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in note 1 to the basic financial statements, the State adopted the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 40, *Deposit and Investment Risk Disclosures - an amendment of GASB Statement No. 3* effective July 1, 2004.

As discussed in note 17 to the basic financial statements, beginning net assets of the governmental activities on the statement of net assets were decreased by $11.4 million for the recording of additional long-term liabilities. Beginning net assets of the discretely presented component units on the statement of net assets were increased by $11.6 million primarily to reflect a reduction in previously recorded long-term liabilities.

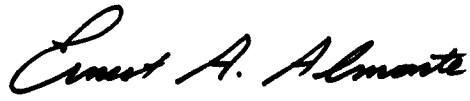
As provided by GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments,* the State has included only capital outlays for infrastructure since July 1, 2001 as capital assets within governmental activities on the statement of net assets. Infrastructure outlays from prior years will be included in future financial statements.

In accordance with *Government Auditing Standards*, we will issue our report on our consideration of the State's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit. The report on internal control and compliance will be included in the State's *Single Audit Report.*

The Management's Discussion and Analysis, on pages 11 through 22, the Budgetary Comparison Schedules on pages 94 through 117, and the Schedules of Funding Progress on page 118 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of

inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State's basic financial statements. The introductory section, combining and individual non-major fund statements, combining statements for discretely presented component units, and statistical section as listed in the Table of Contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major fund statements and combining statements for discretely presented component units have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of the other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.



Ernest A. Almonte, CPA, CFE
Auditor General

February 17, 2006

MANAGEMENT'S DISCUSSION

AND ANALYSIS

Management's Discussion and Analysis

The following is a discussion and analysis of the financial activities of the State of Rhode Island and Providence Plantations (the State) for the fiscal year ended June 30, 2005. Readers are encouraged to consider the information presented here in conjunction with the letter of transmittal, which can be found at the front of this report, and with the State's financial statements, which follow this section.

Financial Highlights – Primary Government

Government-wide Financial Statements

- **Net Assets** The total assets of the State exceeded total liabilities at June 30, 2005 by $347.4 million. This amount is presented as "net assets" on the Statement of Net Assets for the Total Primary Government. Of this amount, ($946.6) million was reported as unrestricted net assets, $548.8 million was restricted net assets, and $745.2 million was invested in capital assets, net of related debt.
- **Changes in Net Assets** In the Statement of Activities the State's total net assets changed by $211.0 million in fiscal year 2005. Net assets of governmental activities changed by $211.5 million, while net assets of the business-type activities changed by ($0.5) million. The primary reason for the $211.0 million increase was the $122.0 million increase in fund balances of the governmental funds due primarily to unspent proceeds from the sale of debt instruments of certain capital projects funds and the $140.9 million increase in invested in capital assets, net of related debt. The primary reason for the difference in the business-type activities was the increase in operating transfers out.

Fund Financial Statements

- The State's governmental funds reported a combined ending fund balance of $831.6 million, an increase of $122.0 million in comparison with the previous fiscal year. The primary reason for this is the unspent proceeds in other governmental (capital projects) funds.
- The General Fund ended the current fiscal year with an unreserved, undesignated balance of $38.7 million, an increase of $14.2 million in comparison with the previous fiscal year. The primary reason for the increase is that actual general revenue expenditures were $39.0 million less than budgeted and general revenue was $26.5 million less than budgeted.
  - The Budget Reserve Account ended the fiscal year with a balance of $90.9 million, an increase of $6.6 million in comparison with the previous fiscal year.
- The Intermodal Surface Transportation Fund ended the fiscal year with an unreserved fund balance of $32.6 million, which was a decrease of $3.8 million from the previous year. . The primary reason for this decrease was that actual revenue was $20.0 million higher than budget while actual expenditures were $15.5 million over budget.
- The GARVEE Fund ended its fiscal year with a fund balance of $195.9 million of which $9.3 million is reserved for debt. The fund balance decreased by $61.0 million. The primary reason for this decrease was that the $65.0 million of capital outlay expenditures were out of bond proceeds from prior year issuances.

- The Rhode Island State Lottery transferred $307.6 million to the General Fund in support of general revenue expenditures during the fiscal year, an increase of $26.5 million in comparison with the previous fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the State's basic financial statements. The State's basic financial statements include three components:

1. Government-wide financial statements,
2. Fund financial statements, and
3. Notes to the financial statements

This report also contains other supplementary information in addition to the basic financial statements.

Changes in Presentation

For the fiscal year ended June 30, 2005, the R.I. Temporary Disability Insurance Fund did not meet the criteria of a major fund as described in Note 1(D). Accordingly, it is included in the Other Governmental Funds column on the fund financial statements in the basic financial statements.

Government-wide Financial Statements

The government-wide financial statements provide a broad view of the State's finances. The statements provide both short-term and long-term information about the State's financial position, which assists in assessing the State's financial condition at the end of the year. These financial statements are prepared using the accrual basis of accounting, which recognizes all revenues and grants when earned, and expenses at the time the related liabilities are incurred.

- The **Statement of Net Assets** presents all of the government's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases and decreases in the government's net assets may serve as a useful indicator of whether the financial position of the State is improving or deteriorating.
- The **Statement of Activities** presents information showing how the government's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods; for example, uncollected taxes and earned but unused vacation leave. This statement also presents a comparison between direct expenses and program revenues for each function of the government.

Both of the government-wide financial statements have separate sections for three different types of government activities:

- **Governmental Activities:** The activities in this section represent most of the State's basic services and are generally supported by taxes, grants and intergovernmental revenues. The governmental activities of the State include general government, human services, education, public safety, natural resources, and transportation. The net assets and change in net assets of the internal service funds are also included in this column.
- **Business-type Activities:** These activities are normally intended to recover all or a significant portion of their costs through user fees and charges to external users of goods and services. These business-type activities of the State include the operations of the Lottery Commission, R.I. Convention Center Authority and the Employment Security Trust Fund.
- **Discretely Presented Component Units:** Component units are entities that are legally separate from the State, but for which the State is financially accountable. The State has 20 discretely presented component units. Financial information for these entities is presented separately from the financial information presented for the primary government.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The State uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements focus on the individual parts of the State government, and report the State's operations in more detail than the government-wide financial statements. The State's funds are divided into three categories: governmental, proprietary and fiduciary.

- **Governmental funds:** Most of the State's basic services are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on spendable resources available at the end of the fiscal year. Such information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the State's programs.

  Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the State's near-term financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and the governmental activities.

  Governmental funds include the general fund and special revenue, capital projects and permanent funds. The State has several governmental funds, of which GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for*

State and Local Governments defines the general fund as a major fund. The criteria for determining if any of the other governmental funds are major funds are detailed in Note 1(D). The Intermodal Surface Transportation Fund and the GARVEE Fund are also major funds. Each of the major funds is presented in a separate column in the governmental funds balance sheet and statement of revenues, expenditures and changes in fund balances. The remaining governmental funds are combined in a single aggregated column on these financial statements. Individual fund data for each of these nonmajor governmental funds can be found in the supplementary information section of the State's Comprehensive Annual Financial Report (CAFR).

- **Proprietary funds:** Services for which the State charges customers a fee are generally reported in proprietary funds. The State maintains two different types of proprietary funds; enterprise funds and internal service funds. Enterprise funds report activities that provide supplies and services to the general public. Internal service funds report activities that provide supplies and services for the State's other programs and activities. Like the government-wide statements, proprietary funds use the accrual basis of accounting. The State has three enterprise funds, the Lottery Fund, Convention Center Authority Fund and the Employment Security Trust Fund. These funds are each presented in separate columns on the basic proprietary fund financial statements. The State's internal service funds are reported as governmental activities on the government-wide statements, because the services they provide predominantly benefit governmental activities. The State's internal service funds are reported on the basic proprietary fund financial statements in a single combined column. Individual fund data for these funds is provided in the form of combining statements and can be found in the supplementary information section of the State's CAFR.

  In anticipation of the implementation of GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, in fiscal 2007, the State has obtained an actuarial estimate of the unfunded liability relating to retiree medical benefits. The unfunded liability was estimated to be approximately $600 million for State employees and $29 million for the State's share for teachers as of December 2003. The actuarially based funding of this liability is reflected in the State's five-year forecast and would require an estimated rate of contribution of 8.57% of payroll. The State anticipates that it will obtain an updated estimate based upon the actual standard adopted by GASB taking into account the pension reform provisions impacting the State and teacher system which was enacted during the 2005 session of the General Assembly.

- **Fiduciary funds:** These funds are used to account for resources held for the benefit of parties outside the State government. Fiduciary funds are not included in the government-wide financial statements because the resources of these funds are not available to support the State's programs. These funds, which include the pension trust, private-purpose trust and agency funds, are reported using accrual accounting. Individual fund data for fiduciary funds can be found in the supplementary information section of the State's CAFR.

Major Features of the Basic Financial Statements

	Government-wide	Fund Financial Statements		
	Financial Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire State government (except fiduciary funds) and the State's component units	Activities of the State that are not proprietary or fiduciary	Activities of the State that are operated similar to private businesses	Instances in which the State is the trustee or agent for someone else's resources
Required financial statements	Statement of net assets Statement of activities	Balance sheet Statement of revenues, expenditures, and changes in fund balances	Statement of net assets Statement of revenues, expenses and changes in net assets Statement of cash flows	Statement of net assets Statement of changes in fund net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year end Expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the fiduciary funds financial statements.

Required Supplementary Information

The basic financial statements and accompanying notes are followed by a section of required supplementary information, including information concerning the State's progress in funding its obligation to provide pension benefits to its employees. This section also includes a budgetary comparison schedule for each of the State's major governmental funds that have a legally mandated budget.

Other Supplementary Information

Other supplementary information, which follows the required supplementary information in the State's CAFR, includes the combining financial statements for nonmajor governmental funds, grouped by fund type and presented in single columns in the basic financial statements, internal service funds, fiduciary funds, discretely presented component units and the statistical section.

Government-Wide Financial Analysis

Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The State's combined net assets (governmental and business-type activities) totaled $347.4 million at the end of fiscal year 2005, compared to $136.4 million at the end of the prior fiscal year. The primary reason for the $211.0 million increase was the $122.0 million increase

in fund balances of the governmental funds due primarily to unspent proceeds from the sale of debt instruments of certain capital projects funds and the $140.9 million increase in investment in capital assets net of related debt.

A portion of the State's net assets reflects its investment in capital assets such as land, buildings, equipment and infrastructure (roads, bridges, and other immovable assets) recorded for fiscal years 2002 through 2005, less any related debt outstanding that was needed to acquire or construct the assets. The State uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the State's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources.

State of Rhode Island's Net Assets as of June 30, 2005
(Expressed in Thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2005	2004	2005	2004	2005	2004
Current and other assets	$ 1,464,055	$ 1,257,114	$ 257,003	$ 276,030	$ 1,721,058	$ 1,533,144
Capital assets	1,456,908	1,256,951	124,874	199,644	1,581,782	1,456,595
Total assets	2,920,963	2,514,065	381,877	475,674	3,302,840	2,989,739
Long-term liabilities outstanding	1,992,541	1,879,935	199,987	286,424	2,192,528	2,166,359
Other liabilities	732,911	650,086	30,010	36,915	762,921	687,001
Total liabilities	2,725,452	2,530,021	229,997	323,339	2,955,449	2,853,360
Net assets:						
Invested in capital assets, net of related debt	816,578	675,696	(71,413)	(84,910)	745,165	590,786
Restricted	315,370	301,346	233,476	251,596	548,846	552,942
Unrestricted	(936,437)	(992,998)	(10,183)	(14,351)	(946,620)	(1,007,349)
Total net assets	$ 195,511	$ (15,956)	$ 151,880	$ 152,335	$ 347,391	$ 136,379

An additional portion of the State's net assets represents resources that are subject to external restrictions on how they may be used.

Changes in Net Assets

The State's net assets increased by $211.0 million during the current fiscal year. Total revenues of $6,927.0 million were more than expenses of $6,727.9 million. Approximately 38.8% of the State's total revenue came from taxes, while 27.4% resulted from grants and contributions (including federal aid). Charges for various goods and services provided 31.6% of the total revenues. The State's expenses covered a range of services. The largest expenses were for human services, 37.3% and intergovernmental, 16.8%. In fiscal year 2005, the State ceased reporting grants as separate expenditure line in the financial statements. These grant expenditures were primarily related to education. In fiscal year 2005, governmental activity expenses exceeded program revenues, which resulted in the use of $3,119.9 million in general revenues (mostly taxes). On the other hand, net program revenues from business-type activities in fiscal year 2005 exceeded expenses by $263.0 million. In fiscal year 2004, payments from component units were included in miscellaneous general revenue.

State of Rhode Island's Changes in Net Assets
For the Fiscal Year Ended June 30, 2005
(Expressed in Thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2005	2004	2005	2004	2005	2004
Revenues:						
Program revenues:						
Charges for services	$ 351,784	$ 342,366	$ 1,835,511	$ 1,684,585	$ 2,187,295	$ 2,026,951
Operating grants and contributions	1,794,965	1,703,526	2,633	29,492	1,797,598	1,733,018
Capital grants and contributions	97,681	156,372			97,681	156,372
General revenues:						
Taxes	2,687,684	2,477,453			2,687,684	2,477,453
Interest	14,443	9,812	10,875	12,884	25,318	22,696
Miscellaneous	104,411	136,122	7,633	5,568	112,044	141,690
Gain on sale of capital assets	853				853	
Payments from component units	18,503				18,503	
Total revenues	5,070,324	4,825,651	1,856,652	1,732,529	6,926,976	6,558,180
Program expenses:						
General government	503,659	474,640			503,659	474,640
Human services	2,512,628	2,420,998			2,512,628	2,420,998
Education	264,385	75,744			264,385	75,744
Public safety	336,069	321,015			336,069	321,015
Natural resources	65,913	61,839			65,913	61,839
Transportation	226,529	173,935			226,529	173,935
Intergovernmental	1,127,496	1,047,537			1,127,496	1,047,537
Grants		299,291				299,291
Interest	116,171	104,760			116,171	104,760
Lottery			1,330,298	1,200,059	1,330,298	1,200,059
Convention Center			35,746	62,622	35,746	62,622
Employment insurance			209,018	238,220	209,018	238,220
	5,152,850	4,979,759	1,575,062	1,500,901	6,727,912	6,480,660
Increase in net assets before transfers and special items	(82,526)	(154,108)	281,590	231,628	199,064	77,520
Special items			11,948		11,948	
Transfers	293,993	266,886	(293,993)	(266,886)		
Change in net assets	211,467	112,778	(455)	(35,258)	211,012	77,520
Net assets - Beginning	(15,956)	(117,341)	152,335	187,593	136,379	70,252
Cumulative effect of prior period adjustments		(11,393)				(11,393)
Net assets - Beginning, as restated	(15,956)	(128,734)	152,335	187,593	136,379	58,859
Net assets - Ending	$ 195,511	$ (15,956)	$ 151,880	$ 152,335	$ 347,391	$ 136,379

Financial Analysis of the State's Funds

As noted earlier, the State uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the State's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the State's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the State's net resources available for spending at the end of the fiscal year. At the end of the current fiscal year, the State's governmental funds reported a combined ending fund balance of $831.6 million, an increase of $122.0 million. Reserved fund balances are not available for new spending because they have already been committed as follows: (1) $90.9 million for a "rainy day" account, (2) $55.2 million for continuing appropriations, (3) $91.1 million principally for liquidating debt, (4) $132.0 million for employment insurance programs

and (5) $1.4 million for other restricted purposes. Approximately 50.8% ($422.3 million) of the ending fund balance is designated by the State's management, consistent with the limitations of each fund.

The major governmental funds of the primary government are:

General Fund. The General Fund is the chief operating fund of the State. At the end of the current fiscal year, the unreserved fund balance of the General Fund was $38.7 million, while total fund balance was $184.8 million. As a measurement of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represent 0.8% of total General Fund expenditures, while total fund balance represent 3.8% of the same amount. The General Fund's unreserved fund balance increased from $24.5 million to $38.7 million, an increase of $14.2 million during the current fiscal year. The primary reason for the increase is that actual general revenue expenditures were $39.0 million less than budgeted and general revenue was $26.5 million less than budgeted.

Intermodal Surface Transportation Fund. The Intermodal Surface Transportation Fund (ISTEA) accounts for the collection of gasoline tax, federal grants, and bond proceeds that are used in maintenance, upgrading, and construction of the State's highway system. At the end of the current fiscal year, unreserved fund balance of the ISTEA fund was $32.6 million, while the total fund balance was $33.9 million. Total fund balance of the ISTEA fund decreased by $3.8 million during the current fiscal year. The primary reason for this decrease was that actual revenue was $20.0 million higher than budget while actual expenditures were $15.5 million over budget.

GARVEE Fund. This fund accounts for the proceeds of the Grant Anticipation Revenue Vehicle (GARVEE) and the RI Motor Fuel Tax (RIMFT) revenue bonds, related expenditures and the two cents per gallon gasoline tax that is dedicated for the debt service of the RIMFT bonds. The GARVEE Fund ended the fiscal year with a fund balance of $195.9 million, a decrease of $61.0 million. The primary reason for this decrease was that the $65.0 million of capital outlay expenditures were made out of bond proceeds from prior year issuances.

General Fund Budgetary Highlights

According to the State's Constitution, general revenue appropriations in the general fund cannot exceed 98% of available general revenue sources, which consist of the current fiscal year's budgeted general revenue plus the general fund undesignated fund balance from the prior fiscal year. The budgets for the components of the current fiscal year's general revenue estimates are established by the State's revenue estimating conference. If actual general revenue is less than the projection, appropriations have to be reduced or additional revenues must be imposed. Certain agencies have federal programs that are entitlements, which continue to require State funds to match the federal funds. Agencies may get additional appropriations providing a need is established. Adjustments to general revenue receipt estimates resulted in an increase of $79.0 million, 1.6%, between the original budget and the final budget. General revenue appropriations increased from the original budget by $18.1 million, 0.6%. Some significant changes between the preliminary and final estimated general revenues and the enacted and final general revenue appropriations are listed below.

	Change (In thousands)	Percent
General revenues		
Taxes		
Personal Income	$ 54,325	5.9%
Business Corporations	20,669	22.6%
Insurance Companies	10,700	26.1%
Sales and Use	(9,500)	-1.1%
Cigarettes	(7,100)	-4.9%
Inheritance and Gift	6,700	26.8%
Departmental Revenue	(8,789)	-2.9%
Other		
Transfer from Lottery	(12,397)	-3.8%
Other General Revenue	24,352	0.8%
Total Increase in Estimated Revenue	$ 78,960	2.7%
General revenue appropriations		
Department		
Administration	$ 6,951	1.7%
Children, Youth and Families	11,648	8.1%
Human Services	9,659	1.4%
Mental Health, Retardation and Hospitals	6,025	2.7%
Other	(16,233)	-0.6%
Total Increase in Appropriations	$ 18,050	0.6%

Capital Assets and Debt Administration

Capital Assets

The State's investment in capital assets for its governmental and business-type activities as of June 30, 2005, amounts to $1,581.8 million, net of accumulated depreciation of $493.7 million. This investment in capital assets includes land, buildings, improvements, equipment, infrastructure, and construction in progress. The total increase in the State's investment in capital assets for the current fiscal year was about 8.6% in terms of net book value. The R.I. Convention Center Authority sold the land and building known as the Westin Hotel. The sale reduced net capital assets of the business-type activities by $74.6 million.

Actual expenditures to purchase or construct capital assets were $247.6 million for the year. Of this amount, $168.2 million was used to construct or reconstruct roads. Depreciation charges for the year totaled $55.6 million.

State of Rhode Island's Capital Assets as of June 30, 2005
(Expressed in Thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2005	2004	2005	2004	2005	2004
Capital assets not being depreciated						
Land	$ 326,514	$ 322,369	$ 31,474	$ 38,032	$ 357,988	$ 360,401
Intangibles	90,989	85,564			90,989	85,564
Construction in progress	133,878	82,810	306	1,189	134,184	83,999
Total capital assets not being depreciated	551,381	490,743	31,780	39,221	583,161	529,964
Capital assets being depreciated						
Land improvements	3,601	3,601			3,601	3,601
Buildings	430,678	429,982	148,481	229,813	579,159	659,795
Building improvements	199,469	198,632			199,469	198,632
Equipment	170,620	158,399	8,196	24,722	178,816	183,121
Intangibles	1,196	898			1,196	898
Infrastructure	530,050	361,850			530,050	361,850
	1,335,614	1,153,362	156,677	254,535	1,492,291	1,407,897
Less: Accumulated depreciation	430,087	387,154	63,583	94,113	493,670	481,267
Total capital assets being depreciated	905,527	766,208	93,094	160,422	998,621	926,630
Total capital assets (net)	$ 1,456,908	$ 1,256,951	$ 124,874	$ 199,643	$ 1,581,782	$ 1,456,594

Significant capital projects under construction include relocation of a segment of interstate highway, a county courthouse, a traffic tribunal courthouse, youth correctional facilities and a State Police headquarters.

Additional information on the State's capital assets can be found in the notes to the financial statements of this report.

Debt Administration

Under the State's Constitution, the General Assembly has no power to incur State debts in excess of $50,000 without the consent of the people (voters), except in the case of war, insurrection or invasion, or to pledge the faith of the State to the payment of obligations of others without such consent. At the end of the current fiscal year, the State's governmental activities had total bonded debt outstanding of $1,779.0 million of which $801.0 million is general obligation debt, $228.0 million is special obligation debt and $750.0 million is debt of the blended component units. The State's total bonded debt decreased by $15.0 million during the current fiscal year. This decrease is the net of a $38.0 million increase in general obligation debt, a decrease of $36.0 million in special obligation debt and a decrease of $17.0 million in the blended component units. Additionally, the State has extended its credit through contractual agreements of a long-term nature, which are subject to annual appropriations.

During the current fiscal year, the State issued $87.1 million of general obligation bonds and $117.0 million of general obligation refunding bonds. These bonds have been assigned ratings by Fitch, Inc. (Fitch), Moody's Investors Service (Moody's) and Standard and Poor's Rating Services (Standard and Poor's).

The State does not have any debt limitation. Bonds authorized by the voters, that remain unissued as of the end of the current fiscal year, amounted to $398.1 million. Additional

information on the State's long-term debt can be found in the notes to the financial statements of this report.

In October 2005, Standard and Poor's raised the underlying rating for general obligation bonds of the State from AA- to AA.

Economic Factors

The State's economy has continued to perform well, albeit at a slightly lower level than previously forecasted. According to the U.S. Bureau of Labor Statistics, Rhode Island experienced an increase in non-farm employment of 4,900 jobs, or 1.0 percent, in FY 2005. In FY 2004, Rhode Island gained 5,300 jobs, an increase of 1.1 percent over FY 2003. On a calendar year basis, Rhode Island added 9,100 jobs in 2003 and 2004. The November 2005 Revenue Estimating Conference's Consensus Economic Forecast projects Rhode Island non-farm employment to total 494,200 in 2005, an increase of 5,800 jobs, or 1.2 percent, over 2004, and 501,100 in 2006, an increase of 6,900 jobs, or 1.4 percent, over projected 2005.

According to Moody's Economy.com's November 2005 *Forecast Report: U.S., New England, and Rhode Island*, Rhode Island's recent labor market performance "has been steady and solid throughout most of 2005, but has stalled in recent months." Although "[T]he construction, education/health services, and leisure/hospitality sectors continue to advance at a healthy clip," financial and professional services employment has slowed, retail trade employment has stalled, and manufacturing employment has continued to decline. The education and health services sector accounts for 19.0 percent of Rhode Island total non-farm employment well above the U.S. average of 12.5 percent. This sector has been responsible for the creation of 55.0 percent of the State's "industry jobs." Rhode Island construction employment has been increasing since the fourth quarter of 2004 fueled by the State's exceptionally strong housing and commercial real estate markets as well as substantial government spending on road improvement and pollution abatement projects. The State's manufacturing sector, which had begun to stabilize after an employment decline of 1.5 percent in 2004, once again has turned down, decreasing by 4.0 percent over the past year. Finally, Rhode Island's "small business economy" has performed well, recording a 13.0 percent increase in the "number of small business births between 2003 and 2004 to a level that now surpasses the previous high in 2000."In addition, to the sharp increase in small business births, Rhode Island's "small business terminations have fallen 15.0 percent since peaking in 2002." This confluence of rising small business births and declining small business terminations "is a positive development, as it brings new talent and ideas into the marketplace."

Rhode Island personal income growth has also accelerated over the past year; however, the gap between Rhode Island and U.S. personal income growth has narrowed during this period. In FY 2003, Rhode Island personal income growth was 3.96 percent vs. 2.13 percent for U.S. personal income growth, a difference of 183 basis points. In FY 2004, Rhode Island personal income growth was 4.81 percent and U.S. personal income growth was 4.68 percent, essentially equal to that of Rhode Island. In FY 2005, Rhode Island personal income growth once again accelerated to an annual rate of 6.05 percent, however, for the country as a whole the personal income growth rate was 6.49 percent. The reversal of the spread between Rhode Island and U.S. personal income growth is a result of the rebound of the national economy from its recessionary level in 2002. It should be noted that Rhode Island experienced a mild economic downturn in 2002 relative to that of the United States as a whole.

Moody's Economy.com (11/2005) remains "optimistic about the near-term outlook" for Rhode Island's economy with payroll growth expected "to strengthen in 2006 as the national economy bounces back from the slowdown caused by Hurricane Katrina." Rhode Island "payroll employment growth is forecast to stabilize at around [a] 1.0 percent" annualized rate. One of the catalysts for near- to medium-term growth remains rising national defense spending. Moody's Economy.com (11/2005) notes that "the [S]tate is expected to gain about 861 jobs primarily at Naval Station Newport" from the final approval of the Base Realignment & Closure Commission's recommendations. These jobs tend to be ones that require high levels of human capital and are being added to complement the already existing job base not only at Naval Station Newport but also at nearby Raytheon. Aquidneck Island has become a national center for the development and testing of undersea surveillance, control and warfare systems.

The biotechnology industry cluster that has begun to emerge in Rhode Island should positively impact the State's long term economic performance. According to Moody's Economy.com (11/2005), "[T]he state is putting a lot of effort" into attracting and developing biotechnology companies, with "wide-ranging" initiatives from the creation of the Governor's Science and Technology Advisory Council to "making sure that enough biotech accommodating office/industrial space is available." The State's voters approved a $50 million bond referendum for the construction of the Center for Biotechnology and Life Sciences at the University of Rhode Island. Amgen has invested $1.5 billion in the State since 2001 building the largest biopharmaceutical manufacturing facility in the U.S. for the production of its blockbuster rheumatoid arthritis drug Enbrel®. The final phase of the plant is expected to open in 2005 adding from 300 to 400 jobs. The State's chief assets for the development of a viable biotechnology industry cluster are its "proximity to academic institutions, a good pool of job candidates", a compact geography, and its responsive government at the state and local levels. From Moody's Economy.com's (11/2005) perspective, these factors "make Rhode Island especially likely to succeed in this endeavor."

One of the "main threats" to the State's economic performance is the high tax burden imposed on Rhode Island businesses and households. Moody's Economy.com (11/2005) notes that "[S]ince 1990, Rhode Island's state and local tax burden has steadily increased...[and is] estimated at 11.4 percent of income,...well above the national average of 10.1 percent." High property taxes at the local level and high personal income tax rates at the state level drive Rhode Island's heavy tax burden. The former discourages businesses that are making relocation decisions from choosing Rhode Island. The latter discourage entrepreneurs and venture capitalists from enhancing new business development in the State giving Rhode Island a less dynamic economy than Connecticut and Massachusetts.

Requests for Information

This financial report is designed to provide a general overview of Rhode Island's finances for all those with an interest in the State's finances. Questions concerning any of the information provided in this report or requests for additional information should be sent to finreport@mail.state.ri.us. The State's Comprehensive Annual Financial Report may be found on the State Controller's home page, http://controller.doa.state.ri.us. Requests for additional information related to component units should be addressed as listed in Note 1 of the financial statements.

BASIC FINANCIAL

STATEMENTS

State of Rhode Island and Providence Plantations
Statement of Net Assets
June 30, 2005
(Expressed in Thousands)

	Primary Government			
	Governmental Activities	Business - Type Activities	Totals	Component Units
Assets				
Current assets:				
Cash and cash equivalents	$ 480,750	$ 10,728	$ 491,478	$ 452,913
Funds on deposit with fiscal agent	321,051	165,887	486,938	
Investments	143		143	725,121
Receivables (net)	295,686	61,050	356,736	1,135,451
Restricted assets:				
Cash and cash equivalents		17,063	17,063	209,078
Investments	74,542		74,542	132,004
Due from primary government				2,323
Due from component units	4,686		4,686	
Internal balances	3,059	(3,059)		
Due from other governments and agencies	199,771	1,254	201,025	4,581
Inventories	2,487	754	3,241	9,007
Other assets	49,079	711	49,790	12,742
Total current assets	1,431,254	254,388	1,685,642	2,683,220
Noncurrent assets:				
Investments				143,737
Receivables (net)	780		780	1,168,506
Restricted assets:				
Cash and cash equivalents				102,032
Investments				93,148
Other assets				173,993
Due from component units	22,953		22,953	
Capital assets - nondepreciable	551,381	31,780	583,161	419,625
Capital assets - depreciable (net)	905,527	93,094	998,621	1,010,216
Other assets	9,068	2,615	11,683	85,856
Total noncurrent assets	1,489,709	127,489	1,617,198	3,197,113
Total assets	2,920,963	381,877	3,302,840	5,880,333
Liabilities				
Current Liabilities:				
Cash overdraft	1,761	24	1,785	27
Accounts payable	390,496	11,012	401,508	83,276
Due to primary government				4,686
Due to component units	2,323		2,323	
Due to other governments and agencies	398	1,407	1,805	3,776
Deferred revenue	22,966	1,640	24,606	24,191
Other current liabilities	148,558	2,449	151,007	63,938
Current portion of long-term debt	166,409	6,925	173,334	396,665
Obligation for unpaid prize awards		6,553	6,553	
Total current liabilities	732,911	30,010	762,921	576,559
Noncurrent Liabilities:				
Due to primary government				22,953
Due to other governments and agencies				4,258
Deferred revenue		10,625	10,625	5,379
Notes payable				13,556
Loans payable				213,990
Obligations under capital leases	226,405		226,405	18,976
Compensated absences	17,855		17,855	22,241
Bonds payable	1,706,911	189,362	1,896,273	2,944,612
Other liabilities	41,370		41,370	296,837
Total noncurrent liabilities	1,992,541	199,987	2,192,528	3,542,802
Total liabilities	2,725,452	229,997	2,955,449	4,119,361
Net Assets				
Invested in capital assets, net of related debt	816,578	(71,413)	745,165	795,530
Restricted for:				
Budget reserve	90,887		90,887	
Transportation	1,353		1,353	
Debt	91,094	16,485	107,579	518,231
Employment insurance programs	132,036	216,991	349,027	
Other				155,203
Other nonexpendable				66,678
Unrestricted	(936,437)	(10,183)	(946,620)	225,330
Total net assets	$ 195,511	$ 151,880	$ 347,391	$ 1,760,972

The notes to the financial statements are an integral part of this statement.

State of Rhode Island and Providence Plantations
Statement of Activities
For the Year Ended June 30, 2005
(Expressed in Thousands)

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating grants and contributions	Program Revenues: Capital grants and contributions	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Governmental activities	Primary Government: Business-type activities	Primary Government: Totals	Component Units
Primary government:								
Governmental activities:								
General government	$ 503,659	$ 141,290	$ 70,512	$ 356	$ (291,501)	$	$ (291,501)	$
Human services	2,512,628	122,212	1,347,214	190	(1,043,012)		(1,043,012)	
Education	264,385	3,469	186,892	33	(73,991)		(73,991)	
Public safety	336,069	46,216	30,680	732	(258,441)		(258,441)	
Natural resources	65,913	30,340	18,129	4,274	(13,170)		(13,170)	
Transportation	226,529	8,257	141,538	92,096	15,362		15,362	
Intergovernmental	1,127,496				(1,127,496)		(1,127,496)	
Interest and other charges	116,171				(116,171)		(116,171)	
Total governmental activities	5,152,850	351,784	1,794,965	97,681	(2,908,420)		(2,908,420)	
Business-type activities:								
State lottery	1,330,298	1,636,638				306,340	306,340	
Convention center	35,746	14,042				(21,704)	(21,704)	
Employment security	209,018	184,831	2,633			(21,554)	(21,554)	
Total business-type activities	1,575,062	1,835,511	2,633			263,082	263,082	
Total primary government	$ 6,727,912	$ 2,187,295	$ 1,797,598	$ 97,681	(2,908,420)	263,082	(2,645,338)	
Component units	$ 1,056,770	$ 736,388	$ 39,096	$ 38,239				(243,047)
General Revenues:								
Taxes					2,687,684		2,687,684	
Interest and investment earnings					14,443	10,875	25,318	47,108
Miscellaneous					104,411	7,633	112,044	26,327
Gain on sale of capital assets					853		853	2,897
Special items						11,948	11,948	
Transfers					293,993	(293,993)		
Payments from component units					18,503		18,503	
Payments from primary government								259,463
Total general revenues, special items and transfers					3,119,887	(263,537)	2,856,350	335,795
Change in net assets					211,467	(455)	211,012	92,748
Net assets - beginning, as restated					(15,956)	152,335	136,379	1,668,224
Net assets - ending					$ 195,511	$ 151,880	$ 347,391	$ 1,760,972

The notes to the financial statements are an integral part of this statement.

Major Funds

Governmental

General Fund – is the operating fund of the State and is used to account for all financial transactions except those required to be accounted for in another fund.

Special Revenue Funds - account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes and where a separate fund is mandated.

> **Intermodal Surface Transportation Fund –** accounts for the collection of the gasoline tax, federal grants, and bond proceeds that are used in maintenance, upgrading, and construction of the state's highway system.

Capital Project Funds - account for resources obtained and used for the acquisition, construction or improvement of capital facilities not reported in other governmental or proprietary funds

> **GARVEE** – accounts for the proceeds of the Grant Anticipation Revenue Vehicle (GARVEE) and the RI Motor Fuel Tax (RIMFT) revenue bonds, related expenditures and the two cents a gallon gasoline tax, which is dedicated for the debt service of the RIMFT bonds.

Proprietary

Enterprise Funds - account for operations where management has decided that periodic determination of revenues earned, expenses incurred (including depreciation), and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

> **State Lottery Fund -** operates lottery games for the purpose of generating resources for the State's General Fund.
>
> **Rhode Island Convention Center Authority** - created in 1987 to facilitate the construction and development of a convention center, parking garages and related facilities within the City of Providence on behalf of the State.
>
> **Employment Security –** accounts for the State's unemployment compensation benefits. Revenues consist of taxes assessed on employers to pay benefits to qualified unemployed persons.

State of Rhode Island and Providence Plantations
Balance Sheet
Governmental Funds
June 30, 2005
(Expressed in Thousands)

	General	Intermodal Surface Transportation	GARVEE	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	$ 264,618	$ 11,176	$	$ 190,402	$ 466,196
Funds on deposit with fiscal agent			211,905	109,146	321,051
Investments				143	143
Restricted investments				74,542	74,542
Receivables (net)	229,063	13,342		41,181	283,586
Due from other funds				7,829	7,829
Due from component units	1,049			10	1,059
Due from other governments and agencies	131,753	65,561		2,457	199,771
Loans to other funds	22				22
Other assets	38,894		212	517	39,623
Total assets	$ 665,399	$ 90,079	$ 212,117	$ 426,227	$ 1,393,822
Liabilities and Fund Balances					
Liabilities					
Accounts payable	321,938	28,072	15,343	7,077	372,430
Due to other funds	438	3,202	924	1,446	6,010
Due to component units		2,323			2,323
Due to other governments and agencies		398			398
Loans from other funds				22	22
Deferred revenue	34,183	22,068		66	56,317
Other liabilities	124,038	76		589	124,703
Total liabilities	480,597	56,139	16,267	9,200	562,203
Fund Balances					
Reserved for:					
Budget reserve	90,887				90,887
Appropriations carried forward	55,216				55,216
Debt			9,341	81,753	91,094
State infrastructure bank		1,353			1,353
Employment insurance programs				132,036	132,036
Unreserved, reported in:					
General fund	38,699				38,699
Special revenue funds		32,587		1	32,588
Capital projects funds			186,509	202,320	388,829
Permanent fund				917	917
Total fund balances	184,802	33,940	195,850	417,027	831,619
Total liabilities and fund balances	$ 665,399	$ 90,079	$ 212,117	$ 426,227	$ 1,393,822

The notes to the financial statements are an integral part of this statement.

State of Rhode Island and Providence Plantations
Reconciliation of the Balance Sheet of the Governmental Funds
to Statement of Net Assets for Governmental Activities
June 30, 2005
(Expressed in Thousands)

Fund balance - total governmental funds	$	831,619
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital Assets used in the governmental activities are not financial resources and therefore are not reported in the funds.		1,452,214
Bond, notes, certificates of participation, accrued interest and other liabilities are not due and payable in the current period and therefore are not recorded in the governmental funds.		(2,158,152)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		52,398
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net assets of the internal service funds are reported with governmental activities.		17,432
Net assets - total governmental activities	$	195,511

The notes to the financial statements are an integral part of this statement.

State of Rhode Island and Providence Plantations
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2005
(Expressed in Thousands)

	General	Intermodal Surface Transportation	GARVEE	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	$ 2,376,770	$ 142,696	$	$ 168,016	$ 2,687,482
Licenses, fines, sales, and services	238,256	35		53	238,344
Departmental restricted revenue	105,367	8,222			113,589
Federal grants	1,655,563	226,839		1,702	1,884,104
Income from investments		191	6,495	7,084	13,770
Other revenues	32,563	2,042		46,267	80,872
Total operating revenues	4,408,519	380,025	6,495	223,122	5,018,161
Expenditures:					
Current:					
General government	329,197			183,699	512,896
Human services	2,504,107			2,822	2,506,929
Education	255,762			9,239	265,001
Public safety	328,824			15	328,839
Natural resources	62,338			1,800	64,138
Transportation		203,588	4,830	1,052	209,470
Capital outlays	33,105	106,626	65,449	36,126	241,306
Intergovernmental	1,121,818	1,880		3,798	1,127,496
Debt service:					
Principal	72,848	719	35,905	6,850	116,322
Interest and other charges	52,293	100	12,708	45,142	110,243
Total operating expenditures	4,760,292	312,913	118,892	290,543	5,482,640
Excess (deficiency) of revenues over (under) expenditures	(351,773)	67,112	(112,397)	(67,421)	(464,479)
Other financing sources (uses):					
Bonds and notes issued				87,095	87,095
Refunding bonds issued				117,010	117,010
Proceeds from the sale of Certificates of Participation				139,410	139,410
Premium and accrued interest				17,602	17,602
Operating transfers in	399,257	32,701	51,322	54,338	537,618
Payments from component units	18,503				18,503
Other	34,941			142	35,083
Payment to refunded bonds escrow agent				(123,300)	(123,300)
Operating transfers out	(72,420)	(103,670)		(66,425)	(242,515)
Total other financing sources (uses)	380,281	(70,969)	51,322	225,872	586,506
Net change in fund balances	28,508	(3,857)	(61,075)	158,451	122,027
Fund balances - beginning (restated)	156,294	37,797	256,925	258,576	709,592
Fund balances - ending	$ 184,802	$ 33,940	$ 195,850	$ 417,027	$ 831,619

The notes to the financial statements are an integral part of this statement.

State of Rhode Island and Providence Plantations
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2005
(Expressed in Thousands)

Net change in fund balances - total governmental funds	$	122,027
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Current year acquisitions are therefore deducted from expenses on the Statement of Activities, less current year depreciation expense and revenue resulting from current year disposals.		198,624
Bond, notes, and certificates of participation proceeds provide current financial resources to governmental funds by issuing debt which increases long-term debt in the Statement of Net Assets. Repayments of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.		(121,576)
Revenues (expenses) in the Statement of Activities that do not provide (use) current financial resources are not reported as revenues (expenditures) in the governmental funds.		3,595
Internal service funds are used by management to charge the costs of certain activities to individual funds. The change in net assets of the internal service funds is reported with governmental activities.		8,797
Change in net assets - total governmental activities	$	211,467

The notes to the financial statements are an integral part of this statement.

State of Rhode Island and Providence Plantations
Statement of Net Assets
Proprietary Funds
June 30, 2005
(Expressed in Thousands)

	Business-type Activities--Enterprise Funds				Governmental Activities
	R.I. State Lottery	R.I. Convention Center	Employment Security	Totals	Internal Service Funds
Assets					
Current assets:					
Cash and cash equivalents	$ 7,899	$ 2,465	$ 364	$ 10,728	$ 14,554
Restricted cash and cash equivalents		17,063		17,063	
Funds on deposit with fiscal agent			165,887	165,887	
Receivables (net)	7,820	828	52,402	61,050	11,885
Due from other funds					3,766
Due from other governments and agencies			1,254	1,254	
Inventories	754			754	2,487
Other assets	201	510		711	9,456
Total current assets	16,674	20,866	219,907	257,447	42,148
Noncurrent assets:					
Capital assets - nondepreciable		31,780		31,780	
Capital assets - depreciable (net)	1,550	91,544		93,094	3,280
Other assets		2,615		2,615	390
Total noncurrent assets	1,550	125,939		127,489	3,670
Total assets	18,224	146,805	219,907	384,936	45,818
Liabilities					
Current Liabilities					
Cash overdraft	24			24	1,761
Accounts payable	9,367	1,645		11,012	18,393
Due to other funds	1,550		1,509	3,059	2,526
Due to other governments and agencies			1,407	1,407	
Deferred revenue	804	836		1,640	
Other current liabilities	551	1,898		2,449	2,426
Bonds payable		6,925		6,925	
Obligations under capital leases					595
Obligation for unpaid prize awards	6,553			6,553	
Total current liabilities	18,849	11,304	2,916	33,069	25,701
Noncurrent Liabilities:					
Deferred contract revenue	10,625			10,625	
Obligations under capital leases					137
Bonds payable		189,362		189,362	
Total noncurrent liabilities	10,625	189,362		199,987	137
Total liabilities	29,474	200,666	2,916	233,056	25,838
Net Assets					
Invested in capital assets, net of related deb	1,550	(72,963)		(71,413)	2,548
Restricted for:					
Debt		16,485		16,485	
Employment insurance program			216,991	216,991	
Unrestricted	(12,800)	2,617		(10,183)	17,432
Total net assets	$ (11,250)	$ (53,861)	$ 216,991	$ 151,880	$ 19,980

The notes to the financial statements are an integral part of this statement.

State of Rhode Island and Providence Plantations
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2005
(Expressed in Thousands)

	Business-type Activities--Enterprise Funds				Governmental Activities
	R.I. State Lottery	R.I. Convention Center	Employment Security	Totals	Internal Service Funds
Operating revenues:					
Charges for services	$ 1,636,638	$ 13,110	$ 183,952	$ 1,833,700	$ 211,519
Grants			2,633	2,633	
Miscellaneous		932	879	1,811	
Total operating revenues	1,636,638	14,042	187,464	1,838,144	211,519
Operating expenses:					
Personal services	3,963	5,274		9,237	18,459
Supplies, materials, and services	187,024	9,480		196,504	179,121
Prize awards	1,138,998			1,138,998	
Depreciation and amortization	313	5,924		6,237	750
Benefits paid			202,178	202,178	
Total operating expenses	1,330,298	20,678	202,178	1,553,154	198,330
Operating income (loss)	306,340	(6,636)	(14,714)	284,990	13,189
Nonoperating revenues (expenses):					
Interest revenue		1,435	9,440	10,875	89
Other nonoperating revenue	1,835		5,798	7,633	
Interest expense		(15,068)		(15,068)	
Other nonoperating expenses			(6,840)	(6,840)	9
Total nonoperating revenue (expenses)	1,835	(13,633)	8,398	(3,400)	98
Income (loss) before special items and transfers	308,175	(20,269)	(6,316)	281,590	13,287
Special items		11,948		11,948	
Transfers in		18,083	1,106	19,189	
Transfers out	(307,550)		(5,632)	(313,182)	(1,110)
Change in net assets	625	9,762	(10,842)	(455)	12,177
Total net assets - beginning	(11,875)	(63,623)	227,833	152,335	7,803
Total net assets - ending	$ (11,250)	$ (53,861)	$ 216,991	$ 151,880	$ 19,980

The notes to the financial statements are an integral part of this statement.

State of Rhode Island and Providence Plantations
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2005
(Expressed in Thousands)

	Business-type Activities--Enterprise Funds				Governmental Activities
	R.I. State Lottery	R.I. Convention Center	Employment Security	Totals	Internal Service Funds
Cash flows from operating activities:					
Cash received from customers	$ 1,641,923	$ 18,141	$ 176,894	$ 1,836,958	$ 203,055
Cash received from grants			2,633	2,633	
Cash payments to suppliers for goods and services	(3,544)	(12,767)		(16,311)	(175,504)
Cash payments to employees for services	(3,901)	(6,559)		(10,460)	(17,581)
Cash payments to prize winners	(1,144,881)			(1,144,881)	
Cash payments for commissions	(182,987)			(182,987)	
Cash payments for benefits			(202,205)	(202,205)	
Other operating revenue (expense)			(1,579)	(1,579)	9
Net cash provided by (used for) operating activities	306,610	(1,185)	(24,257)	281,168	9,979
Cash flows from noncapital financing activities:					
Loans from other funds					19,050
Repayment of loans to other funds					(19,150)
Operating transfers in		17,053	1,106	18,159	
Operating transfers out	(307,142)		(5,483)	(312,625)	(1,106)
Net transfers from (to) fiscal agent			27,878	27,878	
Negative cash balance implicitly financed	24			24	1,761
Net cash provided by (used for) noncapital financing activities	(307,118)	17,053	23,501	(266,564)	555
Cash flows from capital and related financing activities:					
Principal paid on capital obligations		(99,465)		(99,465)	(523)
Interest paid on capital obligations		(14,302)		(14,302)	
Acquisition of capital assets	(156)	(5,254)		(5,410)	(247)
Proceeds from the disposition of capital assets		95,002		95,002	
Net cash provided by (used for) capital and related financing activities	(156)	(24,019)		(24,175)	(770)
Cash flows from investing activities:					
Proceeds from sale and maturity of investments		17,174		17,174	
Interest on investments	606	1,359		1,965	90
Net cash provided by (used for) investing activities	606	18,533		19,139	90
Net increase (decrease) in cash and cash equivalents	(58)	10,382	(756)	9,568	9,854
Cash and cash equivalents, July 1	7,957	9,146	1,120	18,223	4,700
Cash and cash equivalents, June 30	$ 7,899	$ 19,528	$ 364	$ 27,791	$ 14,554
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:					
Operating income (loss)	306,340	(6,636)	(14,714)	284,990	13,189
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation and amortization	313	18,588		18,901	749
Other revenue (expense) and operating transfer in (out)	389	(10,107)	(2,486)	(12,204)	5
Net changes in assets and liabilities:					
Receivables, net	(1,623)	1,068	(7,030)	(7,585)	(10,088)
Inventory	295			295	(199)
Prepaid items		423		423	(8,711)
Other assets	237			237	
Accounts and other payables	110	(2,227)	(27)	(2,144)	14,040
Accrued expenses	171	(2,012)		(1,841)	994
Deferred revenue	14	(282)		(268)	
Prize awards payable	364			364	
Total adjustments	270	5,451	(9,543)	(3,822)	(3,210)
Net cash provided by (used for) operating activities	$ 306,610	$ (1,185)	$ (24,257)	$ 281,168	$ 9,979

The notes to the financial statements are an integral part of this statement.

Fiduciary Funds

Fiduciary Funds – used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the State's own programs.

Pension Trusts – used to report resources that are required to be held in trust for the members and beneficiaries of the State sponsored defined benefit pension plans.

Private-Purpose Trust – used to report all other trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

Touro Jewish Synagogue – accounts for the earnings on monies bequeathed to the State for the purpose of maintaining the Touro Jewish Synagogue.

Agency Funds – used to report resources held by the State in a purely custodial capacity (assets equal liabilities).

.

State of Rhode Island and Providence Plantations
Statement of Net Assets
Fiduciary Funds
June 30, 2005
(Expressed in Thousands)

	Pension Trust	Private Purpose Touro Jewish Synagogue	Agency
Assets			
Cash and cash equivalents	$ 4,622	$	$ 15,286
Deposits held as security for entities doing business in the State			67,148
Receivables			
Contributions	23,080		
Due from state for teachers	11,202		
Miscellaneous	3,883		
Total receivables	38,165		
Investments, at fair value			
Equity in Short-Term Investment Fund	18,610		
Equity in Pooled Trust	6,665,539		
Plan specific investments	15,984		
Other investments		2,010	
Total investments before lending activities	6,700,133	2,010	
Invested securities lending collateral	1,010,616		
Property and equipment, at cost, net of accumulated depreciation	13,336		
Total Property and Equipment	13,336		
Total assets	7,766,872	2,010	82,434
Liabilities			
Securities lending liability	1,010,616		
Accounts payable	6,432		
Deposits held for others			82,434
Total liabilities	1,017,048		82,434
Net assets held in trust for pension and other benefits	$ 6,749,824	$ 2,010	$

The notes to the financial statements are an integral part of this statement.

State of Rhode Island and Providence Plantations
Statement of Changes in Fund Net Assets
Fiduciary Funds
For the Year Ended June 30, 2005
(Expressed in Thousands)

	Pension Trust	Private Purpose Touro Jewish Synagogue
Additions		
Contributions		
Member contributions	$ 154,362	$
Employer contributions	158,635	
State contributions for teachers	48,835	
Interest on service credits purchased	1,568	
Total contributions	363,400	
Investment income		
Net appreciation (depreciation) in fair value of investments	517,402	172
Interest	84,922	24
Dividends	69,685	
Other investment income	56,284	
	728,293	196
Less investment expense	21,990	
Net income from investing activities	706,303	196
Securities Lending		
Securities lending income	20,479	
Less securities lending expense	18,494	
Net securities lending income	1,985	
Total net investment income	708,288	196
Total additions	1,071,688	196
Deductions		
Benefits		
Retirement benefits	431,370	
Cost of living adjustment	101,340	
SRA Plus Option	27,711	
Supplemental benefits	1,067	
Death benefits	3,087	
Total benefits	564,575	
Refund of contributions	10,730	
Administrative expense	6,452	
Distribution		89
Total deductions	581,757	89
Change in net assets	489,931	107
Net assets held in trust for pension benefits		
Net assets - beginning	6,259,893	1,903
Net assets - ending	**$** 6,749,824	**$** 2,010

The notes to the financial statements are an integral part of this statement.

State of Rhode Island and Providence Plantations
Notes to the Basic Financial Statements
June 30, 2005

INDEX

		Page
Note 1.	Summary of Significant Accounting Policies	37
Note 2.	Budgeting and Budgetary Control	49
Note 3.	Cash, Cash Equivalents and Investments	49
Note 4.	Receivables	58
Note 5.	Intra-Entity Receivables and Payables	59
Note 6.	Capital Assets	60
Note 7.	Long-Term Obligations	62
Note 8.	Net Assets	73
Note 9.	Taxes	74
Note 10.	Operating Transfers	75
Note 11.	Operating Lease Commitments	75
Note 12.	Commitments	76
Note 13.	Contingencies	79
Note 14.	Employer Pension Plans	83
Note 15.	Postemployment Benefits	85
Note 16.	Deferred Compensation	85
Note 17.	Restatement of Net Assets	86
Note 18.	Condensed Financial Statement Information	87
Note 19.	Risk Management	89
Note 20.	Special Items	90
Note 21.	Related Party Transactions	90
Note 22.	Subsequent Events	91

Note 1. Summary of Significant Accounting Policies

A. Basis of Presentation

The accompanying basic financial statements of the State of Rhode Island and Providence Plantations (the State) and its component units have been prepared in conformance with generally accepted accounting principles (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB). GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity

The accompanying financial statements include all funds of the State and its component units. GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, defines component units as legally separate entities for which a primary government (the State) is financially accountable or, if not financially accountable, their exclusion would cause the State's financial statements to be misleading. GASB has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an entity's governing body and (1) the ability of the State to impose its will on that entity **or** (2) the potential for the entity to provide specific financial benefits to, or impose specific financial burdens on the State. The State has considered all agencies, boards, commissions, public benefit authorities and corporations, the State university and colleges and the Central Falls School District as potential component units. Audited financial statements of the individual component units can be obtained from their respective administrative offices.

Blended Component Units

These component units are entities, which are legally separate from the State, but are so intertwined with the State that they are in substance, the same as the State. They are reported as part of the State and blended into the appropriate funds.

State Lottery Fund (Lottery) - This fund is used to account for the revenues generated by the State Lottery Commission in conducting various lottery games. According to statute, earnings after allocation for prize awards and payment of expenses shall be transferred to the State's general fund. For more detailed information, a copy of the financial statements can be obtained by writing to the Office of The Financial Administrator, State Lottery Commission, 1425 Pontiac Avenue, Cranston, RI 02920.

Rhode Island Convention Center Authority (RICCA) - This Authority was created in 1987 to facilitate the construction and development of a convention center, parking garages and related facilities within the City of Providence. For more detailed information, a copy of the financial statements can be obtained by writing to the R.I. Convention Center Authority, One West Exchange Street, Dome Building, 3rd Floor, Providence, RI 02903.

Rhode Island Refunding Bond Authority (RIRBA) - This authority was created by law for the purpose of loaning money to the State to provide funds to pay, redeem, or retire certain general obligation bonds. In fiscal 1998, the State abolished the R.I. Public Buildings Authority (RIPBA) and assigned the responsibility for managing RIPBA's outstanding debt to the RIRBA. RIPBA was previously reported as a blended component unit. The RIRBA is authorized to issue bonds. Even though it is legally separate, the RIRBA is reported as if it were part of the primary government because it provides services entirely to the primary government. For more detailed information, a copy of the financial statements can be obtained by writing to the Deputy General Treasurer, Office of General Treasurer, 40 Fountain Street, Providence, RI 02903.

Rhode Island Economic Policy Council (RIEPC) - This council is a non-profit organization created by executive order in March 1995 and incorporated in January 1996. The purpose of the council is to work closely with State officials to identify issues facing the State's economy, to develop and recommend creative strategies and policies to address them, to advise the State legislature in policy matters relating to economic development, and to administer a program designed to foster private technology commercialization and plant and process modernization through research centers, higher education partnerships and cluster collaboratives. For more detailed information, a copy of the financial statements can be obtained by writing to the Executive Director, R.I. Economic Policy Council, 3 Davol Square, Box 185, Providence, RI 02903.

Tobacco Settlement Financing Corporation (TSFC) - This corporation was organized in June 2002 as a public corporation by the State. TSFC is legally separate but provides services exclusively to the State and therefore is reported as part of the primary government as a blended component unit. The purpose of the corporation is to purchase tobacco settlement revenues from the State. TSFC is authorized to issue bonds necessary to provide sufficient funds for carrying out its purpose. For more detailed information, a copy of the financial statements can be obtained by writing to the Tobacco Settlement Financing Corporation, One Capitol Hill, Providence, RI 02908.

Discretely Presented Component Units

Discretely presented component units are reported in a separate column in the basic financial statements to emphasize that they are legally separate from the primary government. They are financially accountable to the primary government, or have relationships with the primary government such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. These discretely presented component units serve or benefit those outside of the primary government. Discretely presented component units are:

University and Colleges - The Board of Governors for Higher Education has oversight responsibility for the University of Rhode Island, Rhode Island College and Community College of Rhode Island. The Board is appointed by the Governor with approval of the Senate. The university and colleges are funded through State appropriations, tuition, federal grants, private donations and grants. For more detailed information, a copy of the financial statements can be obtained by writing to Office of The Controller, University of Rhode

Island, 75 Lower College Road, Kingston, RI 02881; Office of The Controller, Rhode Island College, 600 Mount Pleasant Avenue, Providence, RI 02908; and Office of The Controller, Community College of Rhode Island, 400 East Avenue, Warwick, RI 02886-1805.

Central Falls School District - The Rhode Island General Assembly passed an act which provided for the State to assume an administrative takeover of the Central Falls School District. The Governor appointed a special State administrator who replaced the school committee. The State administrator reports to the Commissioner of Elementary and Secondary Education. The District's purpose is to provide elementary and secondary education to residents of the City of Central Falls. For more detailed information, a copy of the financial statements can be obtained by writing to the Central Falls School District, 21 Hadley Avenue, Central Falls, RI 02863.

Rhode Island Housing and Mortgage Finance Corporation (RIHMFC) - This Corporation, established in 1973, was created in order to expand the supply of housing available to persons of low and moderate income and to stimulate the construction and rehabilitation of housing and health care facilities in the State. It has the power to issue notes and bonds to achieve its corporate purpose. For more detailed information, a copy of the financial statements can be obtained by writing to the Chief Financial Officer, R.I. Housing and Mortgage Finance Corporation, 44 Washington Street, Providence, RI 02903-1721.

Rhode Island Student Loan Authority (RISLA) - This Authority, established in 1981, was created in order to provide a statewide student loan program through the acquisition of student loans. It has the power to issue bonds and notes, payable solely from its revenues. For more detailed information, a copy of the financial statements can be obtained by writing to the R.I. Student Loan Authority, 560 Jefferson Boulevard, Warwick, RI 02886.

Rhode Island Turnpike and Bridge Authority (RITBA) - This Authority was created by the General Assembly as a body corporate and politic, with powers to construct, acquire, maintain and operate bridge projects as defined by law. For more detailed information, a copy of the financial statements can be obtained by writing to the Executive Director, R.I. Turnpike and Bridge Authority, P.O. Box 437, Jamestown, RI 02835-0437.

Rhode Island Economic Development Corporation (RIEDC) - This Corporation was created in 1995 and its purpose is to promote and encourage the preservation, expansion, and sound development of new and existing industry, business, commerce, agriculture, tourism, and recreational facilities in the State, which will promote economic development. It has the power to issue tax-exempt industrial development bonds to accomplish its corporate purpose. The RIEDC has two subsidiary corporations. The R. I. Airport Corporation manages the State's six airports. The Quonset Development Corporation oversees the Quonset Point/Davisville Industrial Park. For more detailed information, a copy of the financial statements can be obtained by writing to the Director of Finance and Administration, R.I. Economic Development Corporation, One West Exchange Street, Providence, RI 02903.

Narragansett Bay Commission (NBC) - This Commission was created for the purposes of acquiring, planning, constructing, extending, improving, operating and maintaining publicly

owned wastewater treatment facilities. NBC receives contributed capital from the State to upgrade its facilities. For more detailed information, a copy of the financial statements can be obtained by writing to the Narragansett Bay Commission, One Service Road, Providence, RI 02905.

Rhode Island Health and Educational Building Corporation (RIHEBC) - This Corporation has the following purposes: (1) to assist in providing financing for education facilities for colleges and universities operating in the State; (2) to assist hospitals in the State in the financing of health care facilities; (3) to assist stand-alone, non-profit assisted-living and adult daycare facilities; (4) to assist in financing a broad range of non-profit health care providers; and (5) to assist in financing non-profit secondary schools and child care centers. RIHEBC issues bonds, notes and leases which are special obligations of RIHEBC payable from revenues derived from the projects financed or other moneys of the participating education institution or health care institution. The bonds, notes and leases do not constitute a debt or pledge of the faith and credit of RIHEBC or the State and accordingly have not been reported in the accompanying financial statements. For more detailed information, a copy of the financial statements can be obtained by writing to the R.I. Health and Educational Building Corporation, 170 Westminster Street, Suite 1200, Providence, RI 02903.

Rhode Island Resource Recovery Corporation (RIRRC) - This Corporation was established in 1974 in order to provide and/or coordinate solid waste management services to municipalities and persons within the State. RIRRC has the power to issue negotiable bonds and notes to achieve its corporate purpose. For more detailed information, a copy of the financial statements can be obtained by writing to the R.I. Resource Recovery Corporation, 65 Shun Pike, Johnston, RI 02919.

Rhode Island Higher Education Assistance Authority (RIHEAA) - This Authority was created by law in 1977 for the dual purpose of guaranteeing loans to students in eligible institutions and administering other programs of post secondary student assistance. For more detailed information, a copy of the financial statements can be obtained by writing to the Chief Financial Officer, R.I. Higher Education Assistance Authority, 560 Jefferson Boulevard, Warwick, RI 02886.

Rhode Island Public Transit Authority (RIPTA) - This Authority was established in 1964 to acquire any mass motor bus transportation system if that system has previously filed a petition to discontinue its service and further, if RIPTA determines it is in the public interest to continue such service. Revenues of RIPTA include operating assistance grants from the federal and State governments. For more detailed information, a copy of their financial statements can be obtained by writing to the Finance Department, R.I. Public Transit Authority, 265 Melrose Street, Providence, RI 02907.

Rhode Island Industrial Facilities Corporation (RIIFC) - The purpose of this corporation is to issue revenue bonds, construction loan notes and equipment acquisition notes for the financing of projects which further industrial development in the State. All bonds and notes issued by RIIFC are payable solely from the revenues derived from leasing or sale by RIIFC of its projects. The bonds and notes do not constitute a debt or pledge of the faith and credit

of RIIFC or the State and accordingly have not been reported in the accompanying financial statements. For more detailed information, a copy of the financial statements can be obtained by writing to the Director of Finance and Administration, R.I. Industrial Facilities Corporation, One West Exchange Street, Providence, RI 02903.

Rhode Island Clean Water Finance Agency (RICWFA) - This Agency was established in 1991 for the purpose of providing financial assistance in the form of loans to municipalities, sewer commissions and waste water management districts in the State for the construction or upgrading of water pollution abatement projects. RICWFA receives capital grants from the State and federal governments and is authorized to issue revenue bonds and notes. For more detailed information, a copy of the financial statements can be obtained by writing to the R.I. Clean Water Finance Agency, 235 Promenade Street, Suite 119, Providence, RI 02908.

Rhode Island Industrial-Recreational Building Authority (RIIRBA) - This Authority is authorized to insure first mortgages and first security agreements granted by financial institutions and the Rhode Island Industrial Facilities Corporation for companies conducting business in the State. Any losses realized in excess of the fund balance would be funded by the State. For more detailed information, a copy of the financial statements can be obtained by writing to the Director of Finance and Administration, R.I. Industrial-Recreational Building Authority, One West Exchange Street, Providence, RI 02903.

Rhode Island Water Resources Board Corporate (RIWRBC) - This Board was created by law to foster and guide the development of water resources including the establishment of water supply facilities and lease these facilities to cities, towns, districts, and other municipal, quasi-municipal or private corporations engaged in the water supply business in the State. RIWRBC is authorized to issue revenue bonds which are payable solely from revenues generated by the lease of its facilities or the sale of water. For more detailed information, a copy of the financial statements can be obtained by writing to the R.I. Water Resources Board Corporate, 100 North Main Street, Providence, RI 02903.

Rhode Island Public Telecommunications Authority (RIPTCA) - This Authority owns and operates a non-commercial educational television station in the State. For more detailed information, a copy of the financial statements can be obtained by writing to the R.I. Public Telecommunications Authority, 50 Park Lane, Providence, RI 02907-3124.

Rhode Island Children's Crusade for Higher Education (RICCHE) - This is a Rhode Island nonprofit corporation formed for the purpose of fostering the education of economically disadvantaged youth through scholarship awards, summer jobs programs, and mentoring programs for parents and students. For more detailed information, a copy of the financial statements can be obtained by writing to the R.I. Children’s Crusade for Higher Education, The 134 Center, Suite 111, 134 Thurbers Avenue, Providence, RI 02905.

Rhode Island Underground Storage Tank Responsibility (RIUSTR) – The Board provides a mechanism for Rhode Island underground storage tank owners, including city, town and State facilities, to comply with the financial responsibility requirements established by the US Environmental Protection Agency. For more detailed information, a copy of the

financial statements can be obtained by writing to the Rhode Island Underground Storage Tank Review Board, 235 Promenade Street, Suite 455, Providence, RI 02908.

C. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Statement of Net Assets presents the reporting entity's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt. This category reflects the portion of net assets associated with capital assets, net of accumulated depreciation and reduced by outstanding bonds and other debt that are attributable to the acquisition, construction or improvement of those assets.

Restricted net assets. This category results when constraints are externally imposed on net assets use by creditors, grantors or contributors, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets. This category represents net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management, but those constraints can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. The State does not allocate indirect costs to the functions. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and all enterprise funds are reported as separate columns in the fund financial statements, with nonmajor funds being combined into a single column.

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues and related receivables are recognized as soon as they are both measurable and available, i.e., earned and collected within the next 12 months. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due.

In accordance with GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis for State and Local Governments,* the focus in the fund financial statements is on major and nonmajor funds rather than on fund type. Statement No. 34 defines the general fund as a major fund. Other governmental funds and enterprise funds are evaluated on these criteria:

- Total assets, liabilities, revenues, **or** expenditures/expenses of that fund are at least 10% of the respective total for all funds of that type, **and**
- Total assets, liabilities, revenues, **or** expenditures/expenses of that fund are at least 5% of the **same** respective total for all funds being evaluated.

Since the activity of the ISTEA fund and the GARVEE fund are so closely related and the same personnel are responsible for the accounting and financial reporting for both funds, management has determined that if either fund meets the criteria of a major fund the other fund will also be reported as a major fund.

The State reports the following major funds:

General Fund. This is the State's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Intermodal Surface Transportation Fund. This fund accounts for the collection of the gasoline tax, federal grants, and bond proceeds that are used in maintenance, upgrading, and construction of the State's highway system.

GARVEE Fund. This fund accounts for the proceeds of the Grant Anticipation Revenue Vehicle (GARVEE) and the RI Motor Fuel Tax (RIMFT) revenue bonds,

related expenditures and the two cents a gallon gasoline tax that is dedicated for the debt service of the RIMFT bonds.

The State reports the following major proprietary funds:

State Lottery Fund. The State Lottery Fund operates games of chance for the purpose of generating resources for the State's General Fund.

Rhode Island Convention Center Authority (RICCA) - This Authority was created in 1987 to facilitate the construction and development of a convention center, parking garages and related facilities within the City of Providence on behalf of the State.

Employment Security Fund. This fund accounts for the State's unemployment compensation benefits. Revenues consist of taxes assessed on employers to pay benefits to qualified unemployed persons. Funds are also provided by the federal government and interest income.

Additionally, the State reports the following fund types:

Governmental Fund Types:

Special Revenue Funds. These funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes and where a separate fund is legally mandated.

Capital Projects Funds. These funds reflect transactions related to resources received and used for the acquisition, construction, or improvement of capital facilities of the State and its component units.

Permanent Fund. The Permanent School Fund accounts for certain appropriations and the earnings thereon, which are used for the promotion and support of public education.

Proprietary Fund Types:

Internal Service Funds. These funds account for, among other things, employee and retiree medical benefits, State fleet management, unemployment compensation, workers' compensation, industrial prison operations, computer and related data processing services, surplus property, telecommunications and other utilities, and records maintenance.

Fiduciary Fund Types:

Pension Trust Funds. These funds account for the activities of the Employees' Retirement System, Municipal Employees' Retirement System, State Police Retirement Benefit Trust, and Judicial Retirement Benefit Trust, which accumulate resources for pension benefit payments to qualified employees.

Private Purpose Trust Fund. The Touro Jewish Synagogue Fund accounts for the earnings on monies bequeathed to the State for the purpose of maintaining the Touro Jewish Synagogue.

Agency Funds. These funds account for assets held by the State pending distribution to others or pledged to the State as required by statute.

In accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Fund Accounting*, in the absence of specific guidance from GASB pronouncements, pronouncements of the Financial Accounting Standards Board issued on or before November 30, 1989 have been followed.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise and internal service funds are charges to customers for sales and services. Operating expenses for enterprise and internal service funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

E. Cash and Cash Equivalents

Cash represents amounts in demand deposit accounts with financial institutions. Cash equivalents are highly liquid investments with a maturity of three months or less at the time of purchase.

Except for certain internal service funds, the State does not pool its cash deposits. For those internal service funds that pool cash, each fund reports its share of the cash on the Statement of Net Assets. Cash overdrafts, if any, are reported as due to other funds along with the applicable due from other funds.

F. Funds on Deposit with Fiscal Agent

Funds on deposit with fiscal agent in the governmental activities and business-type activities are the unexpended portion of debt instruments sold primarily for capital acquisitions and funds held by the United States Treasury Department for the payment of unemployment benefits, respectively.

G. Investments

Investments are generally stated at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than a forced or liquidation sale. Short-term investments are stated at amortized cost, which approximates fair value.

H. Receivables

Receivables are stated net of estimated allowances for uncollectible amounts, which are determined, based upon past collection experience.

I. Due From Other Governments and Agencies

Due from other governments and agencies is primarily comprised of amounts due from the federal government for reimbursement-type grant programs.

J. Interfund Activity

In general, eliminations have been made to minimize the double counting of internal activity, including internal service fund type activity on the government-wide financial statements. However, interfund services, provided and used between different functional categories, have not been eliminated in order to avoid distorting the direct costs and program revenues of the applicable functions. The Due From/(To) Other Funds are reported at the net amount on the fund financial statements. Transfers between governmental and business-type activities are reported at the net amount on the government-wide financial statements.

In the fund financial statements, transactions for services rendered by one fund to another are treated as revenues of the recipient fund and expenditures/expenses of the disbursing fund. Reimbursements of expenditures/expenses made by one fund for another are recorded as expenditures/expenses in the reimbursing fund and as a reduction of expenditures/expenses in the reimbursed fund. Transfers represent flows of assets between funds of the primary government without equivalent flows of assets in return and without a requirement for payment.

K. Inventories

Inventory type items acquired by governmental funds are accounted for as expenditures at the time of purchase. Inventories of the proprietary funds are stated at cost (first-in, first-out). Inventories of university and colleges are stated at the lower of cost (first-in, first-out and retail inventory method) or market, and consist primarily of bookstore and dining, health and residential life services items. Inventories of all other component units are stated at cost.

L. Capital Assets

Capital assets, which include all land, buildings (over $100,000), equipment and infrastructure assets (e.g., roads, bridges, and similar assets) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The State defines equipment acquisitions as capital assets when the initial, individual cost (value, if donated, forfeited or seized) is more than $5,000 (amount not rounded) and the estimated useful life is more than one year. Such assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation.

The estimates of historical costs of land, buildings, and improvements were derived by factoring price levels from the current period to the time of acquisition. In cases where the acquisition date was not determinable, the date of acquisition was estimated. Infrastructure constructed prior to July 1, 2001 has not been reported. This information will be included in future reports. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Interest incurred during the construction of capital facilities is not capitalized.

Capital assets utilized in the governmental funds are recorded as capital outlay expenditures in the governmental fund financial statements. Depreciation is recorded in the government-wide financial statements, as well as the proprietary funds and component units financial statements. Capital assets of the primary government and its component units are depreciated using the straight-line method over the assets' estimated useful life.

Capital assets of the primary government are depreciated over the following estimated useful lives:

Assets	Years
Buildings	20-50
Land improvements	20
Infrastructure	30
Leasehold improvements	Term of Lease
Leasehold land improvements	Term of Lease
Building renovations	10-20
Trailers	10
Furniture and equipment	3-10
Computer systems	5
Motor vehicles	3-10

M. Bonds Payable

In the Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds, bond discounts/premiums and issuance costs are recognized in the current period. Bond discounts, premiums and issuance costs in the government-wide financial statements are deferred and amortized over the term of the bonds using the straight-line method. For proprietary fund types and component units bond discounts, premiums and issuance costs are generally deferred and amortized over the term of the bonds using the straight-line method for issuance costs and the interest method for discounts and premiums. Bond discounts and premiums are presented as an adjustment to the face amount of bonds payable. Bond issuance costs are included in other assets.

N. Obligations under Capital Leases

The construction and acquisition of certain State office buildings, campus facilities and other public facilities, as well as certain equipment acquisitions, have been financed through bonds and notes issued by the R.I. Refunding Bond Authority, the R.I. Economic Development Corporation, or by a trustee pursuant to a lease/purchase agreement with the State (See Note 7(D)).

O. Compensated Absences

Vacation pay may be discharged, subject to limitations as to carry-over from year to year, by future paid leave or by cash payment upon termination of service. Sick pay may be discharged by payment for an employee's future absence caused by illness or, to the extent of vested rights, by cash payment upon death or retirement. For governmental fund types, such obligations are recognized when paid and for proprietary fund types, they are recorded as fund liabilities when earned.

P. Other Liabilities

Other liabilities includes, among other things, escrow deposits, accrued salary and fringe benefits for the governmental fund types; accrued interest payable, accrued salaries, accrued vacation and sick leave for the business fund types and escrow deposits, land fill closure costs, accrued expenses, arbitrage and interest payable for the component units.

Q. Fund Balances

Reserved fund balances represent amounts which are (1) not appropriable for expenditure or (2) legally segregated for a specific future use.

Designated fund balances represent amounts segregated to indicate management's tentative plans or intent for future use of financial resources.

R. Change in Presentation

For the fiscal year ended June 30, 2005, the R.I. Temporary Disability Insurance Fund did not meet the criteria of a major fund as described in Note 1(D). Accordingly, it is included in the Other Governmental Funds column on the fund financial statements in the basic financial statements.

S. New Pronouncements

The State implemented GASB Statement No. 40, *Deposit and Investment Risk Disclosures, an amendment of GASB Statement No. 3.*

Note 2. Budgeting and Budgetary Control

An annual budget is adopted on a basis consistent with generally accepted accounting principles for the general fund and certain special revenue funds. Preparation and submission of the budget is governed by both the State Constitution and the Rhode Island General Laws. The budget, as enacted by the General Assembly and signed by the Governor, contains a complete plan of estimated revenues (general, federal and restricted), transfers in (general and restricted) and proposed expenditures.

The legal level of budgetary control, i.e. the lowest level at which management (executive branch) may not reassign resources without special approval (legislative branch) is the line item within the appropriation act. Management cannot reallocate any appropriations without special approval from the legislative branch. Federal grant appropriations may also be limited by the availability of matching funds and may also require special approval from a federal agency before reallocating resources among programs.

Internal administrative and accounting budgetary controls utilized by the State consist principally of statutory restrictions on the expenditure of funds in excess of appropriations and the supervisory powers and functions exercised by management. Management cannot reduce the budget without special approval.

Unexpended general revenue appropriations lapse at the end of the fiscal year, unless the department/agency directors identify unspent appropriations related to specific projects/purchases and request a reappropriation. If the requests are approved by the Governor, such amounts are reappropriated for the ensuing fiscal year and made immediately available for the same purposes as the former appropriations. Unexpended appropriations of the General Assembly and its legislative commissions and agencies may be reappropriated by the Joint Committee on Legislative Services. If the sum total of all departments and agencies general revenue expenditures exceeds the total general revenue appropriations, it is the policy of management to lapse all unexpended appropriations, except those of the legislative and judicial branches.

Note 3. Cash, Cash Equivalents and Investments

Cash

Primary Government

At June 30, 2005, the carrying amount of the State's cash deposits was $119,351,000 and the bank balance was $142,294,000. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are: a. Uncollatereralized b. Collateralized with securities held by the pledging financial institution, or c. Collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name. Of the bank balance, $921,000 was covered by federal depository insurance and $76,939,000 was collateralized with securities held by the pledging financial

institution, as it's agent but not in the State's name. The remaining amount, $64,434,000 was uninsured and uncollateralized. The carrying amount and bank balance includes $2,171,000 of certificates of deposit.

In December 2004, the General Fund borrowed $50,000,000 from the R.I. Temporary Disability Fund to cover a cash shortfall as permitted under RIGL 35-3-23. This loan was repaid in full as of June 30, 2005 with interest at the rate of 2.49%, which reflected the average General Fund investment rate for the applicable period.

In accordance with Chapter 35-10.1 of the General Laws, depository institutions holding deposits of the State, its agencies or governmental subdivisions of the State, shall at a minimum, insure or pledge eligible collateral equal to one hundred percent of time deposits with maturities greater than 60 days. Any of these institutions which do not meet minimum capital standards prescribed by federal regulators shall insure or pledge eligible collateral equal to one hundred percent of deposits, regardless of maturity. None of the cash deposits of the primary government were required to be collateralized at June 30, 2005.

Investments

The State Investment Commission (Commission) is responsible for the investment of all State funds. Pursuant to Chapter 35-10 of the General Laws, the Commission may, in general, "invest in securities as would be acquired by prudent persons of discretion and intelligence in these matters who are seeking a reasonable income and the preservation of their capital."

Short-term cash equivalent type investments are made by the General Treasurer in accordance with guidelines established by the Commission. Investments of the pension trust funds are made by investment managers in accordance with the Commission's stated investment objectives and policies. Investments of certain blended component units are not made at the direction of the Commission, but are governed by specific statutes or policies established by their governing body.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Credit risk is mitigated by the State's minimum rating criteria policy, collateralization and maximum participation by any one issuer is limited to 35% of the total portfolio. As of June 30, 2005, the State's investments in GE Capital Corporation commercial paper was rated A1+ by Standard and Poors and P1 by Moody's. The State's investments in Morgan Stanley commercial paper was rated A1 by Standard and Poors and P1 by Moody's. The State's investments in US Government Agency Securities were rated AAA by Moody's. The State's investment in mutual funds were rated Aaa by Moody's.

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the State will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either: a. The counterparty or b. The counterparty's trust department or agent but not in the government's name. Of the State's $26,338,000 investment in repurchase agreements, $1,714,000 of underlying securities are held by the investment's counterparty, not in the name of the State.

The portfolio concentrations (expressed in thousands) are as follows.

Type	Issuer	Amount	Percentage
Commercial Paper	GE Capital Corporation	$ 44,693	9.6%
Repurchase Agreements	Citizens Bank	24,624	5.3%
Commercial Paper	Morgan Stanley	51,922	11.2%
US Government Agency Securities	Federal Home Loan Bank	45,700	9.9%

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Interest rate risk is mitigated by the portfolio's short duration (<7 days).

The State's investments (expressed in thousands) at June 30, 2005 all having maturities of less than one year are as follows.

Investment Type	Fair Value
U.S. Government Agency Securities	$ 66,308
Money Market	271,616
Commercial Paper	99,613
Repurchase Agreements	26,338
	463,875
Less amounts classified as cash equivalents	389,190
Investments	$ 74,685

Fiduciary Funds

Pension Trusts

The Employees' Retirement System (ERS) consists of four plans: the Employee Retirement System (ERSP), Municipal Employees Retirement System (MERS), State Police Retirement Board Trust (SPRBT), and Judicial Retirement Board Trust (JRTB).

Cash

At June 30, 2005, the carrying amounts of these plans' cash deposits (expressed in thousands) are listed below:

	ERSP	MERS	SPRBT	JRBT	Total
Book balance	$ 3,996	$ 190	$ 261	$ 175	$ 4,622
Bank balance	3,821	538	263	176	4,798

The bank balances represent the plans' deposits in short-term trust accounts that are covered by federal depository insurance. At the end of each business day, the excess bank balances are invested in overnight repurchase agreements. The book and bank balances include fully collateralized deposits of $99,151 and overnight repurchase agreements of $1,179,382 which were fully collateralized.

In accordance with Rhode Island General Law Chapter 35-10.1, depository institutions holding deposits of the State, its agencies or governmental subdivisions of the State shall, at a minimum, insure or pledge eligible collateral equal to one hundred percent of time deposits with maturities greater than sixty days. Any of these institutions that do not meet minimum capital standards prescribed by federal regulators shall insure or pledge eligible collateral equal to one hundred percent of deposits, regardless of maturity. None of the ERS's deposits were required to be collateralized at June 30, 2005.

Investments

The State Investment Commission oversees all investments made by the State of Rhode Island, including those made for the ERS. Investment managers engaged by the Commission, at their discretion and in accordance with the investment objectives and guidelines for the ERS, make certain investments. The General Treasurer makes certain short-term investments on a daily basis. Rhode Island General Law Section 35-10-11 (b)(3) requires that all investments shall be made in securities as would be acquired by prudent persons of discretion and intelligence who are seeking a reasonable income and the preservation of capital.

On July 1, 1992, the State Investment Commission pooled the assets of the ERSP with the assets of the MERS for investment purposes only, and assigned units to the plans based on their respective share of market value. On September 29, 1994 and November 1, 1995, the assets of the SPRBT and the JRBT, respectively, were added to the pool for investment purposes only. The custodian bank holds most assets of the ERS in two pooled trusts, Short-term Investment Trust and Pooled Trust. Each plan holds units in the trusts. The number of units held by each plan is a function of each plans' respective contributions to, or withdrawals from, the trust. Certain investments are not pooled and are held by only one plan (Plan specific investments). As of June 30, 2005, the ERS held a loan receivable with a fair value of $15,000,000. This loan is secured by commercial real estate located in Rhode Island (see note 22 - Subsequent Events).

The following table presents the fair value (expressed in thousands) of investments by type at June 30, 2005:

Investment Type	Fair Value
U.S. Government Securities	$ 539,403
U.S. Government Agency Securities	415,813
Collateralized Mortgage Obligations	75,625
Corporate Bonds	508,771
International Corporate Bonds	47,195
Domestic Equity Securities	1,211,576
International Equity Securities	1,303,429
Foreign Currencies	12,758
Private Equity	399,942
Real Estate	16,351
Money Market Mutual Fund	237,860
Commingled Funds - Domestic Equity	1,788,279
Commingled Funds - International Equity	143,131
Investments at Fair Value	6,700,133
Securities Lending Collateral Pool	1,010,616
Total	$ 7,710,749

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

Duration is a measure of a debt security's exposure to fair value changes arising from changes in interest rates. It uses the present value of cash flows, weighted for those cash flows as a percentage of the investment's full price. The ERS manages its exposure to interest rate risk by comparing each debt security manager portfolio's effective duration against a predetermined benchmark index based on that manager's mandate. Currently each portfolio's duration must be within +/- 20-35% of the effective duration of the appropriate index. The fixed income indices currently used by the ERS are:

- Salomon Brothers Broad Investment Grade Bond Index
- Lehman US TIPS Index
- Lehman Brothers MBS Fixed Rate Index
- CS First Boston High Yield Index
- Lehman Corporate Index

At June 30, 2005, no fixed income manager was outside of the policy guidelines.

The following table shows the ERS's fixed income investments by type, fair value (expresses in thousands) and the effective durations at June 30, 2005:

Investment Type	Fair Value	Effective Duration
U.S. Government Securities	$ 539,403	5.18
U.S. Government Agency Securities	415,813	2.56
Collateralized Mortgage Obligations	75,625	2.92
Corporate Bonds	508,771	4.24
International Corporate Bonds	47,195	7.96
	$ 1,586,807	4.21

The ERS also invested in a short-term money market mutual fund that held investments with an average maturity of 29 days. The maximum maturity of any instrument in the money market mutual fund is 13 months.

The ERS invests in various mortgage-backed securities, such as collateralized mortgage obligations (CMO), interest-only and principal-only (PO) strips. They are reported in aggregate as U.S. Government and Agency Securities in the disclosure of custodial credit risk. CMO's are bonds that are collateralized by whole loan mortgages mortgage pass-through securities or stripped mortgage-backed securities. Income is derived from payments and prepayments of principal and interest generated from collateral mortgages. Cash flows are distributed to different investment classes or tranches in accordance with the CMO's established payment order. Some CMO tranches have more stable cash flows relative to changes in interest rates while others are significantly sensitive to interest rate fluctuations. The ERS may invest in interest-only (IO) and principal-only strips (PO) in part to hedge against a rise in interest rates. Interest-only strips are based on cash flows from interest payments on underlying mortgages. Therefore, they are sensitive to pre-payments by mortgagees, which may result from a decline in interest rates. Principal-only strips receive principal cash flows from the underlying mortgages. In periods of rising interest rates, homeowners tend to make fewer mortgage prepayments.

Credit Risk

The ERS requires its fixed income managers to maintain a well-diversified portfolios by sector, credit rating and issuer.

The ERS directs its investment managers to maintain diversified portfolios by sector and by issuer using the prudent person standard, which is the standard of care employed solely in the interest of the participants and beneficiaries of the funds and for the exclusive purpose of providing benefits to participants and defraying reasonable expenses of administering the funds. Each manager's portfolio composition is aligned with a benchmark and is constructed based on specific guidelines that are reflective of the manager's mandate. An example of a high yield fixed income manager is as follows:

- No single industry is expected to represent more than 20% of the portfolio's market value.
- No single issue is expected to represent more than 5% of the portfolio's market value.

- The portfolio, once fully invested, is expected to include a minimum of 70 individual holdings.
- The portfolio quality is expected to be invested in high yield below investment grade fixed income securities.
- The weighted average credit quality is expected to maintain a minimum rating of "B" using either Moody's or Standard and Poor's credit ratings.

The ERS's exposure to credit risk (expressed in thousand) as of June 30, 2005 is as follows:

Quality Rating *	Collateralized Mortgage Obligations	U.S. Government Agency Securities	Corporate Bonds	International Corporate Bonds
Aaa	$ 40,081	$ 415,813	$ 20,021	$ 8,232
Aa	7,058		44,715	8,770
A	5,583		119,803	14,514
Baa	1,880		109,031	5,942
Ba			44,476	2,248
B			123,469	6,071
Caa			33,387	455
Ca			672	
Not rated	21,023		13,197	963
	$ 75,625	$ 415,813	$ 508,771	$ 47,195

* Moody's bond rating

The ERS's investment in a short-term money market mutual fund was unrated but held investments with an average quality rating of A-1+ / P-1.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of an ERS's investments in a single issuer. There is no single issuer exposure within the ERS's portfolio that comprises 5% of the overall portfolio and, therefore, there is no concentration of credit risk.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the ERS will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. At June 30, 2005 all securities were registered in the name of the ERS and were held in the possession of the ERS's custodial bank, State Street Bank and Trust.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. Portfolios are diversified to limit foreign currency and

security risk and the ERS's investment asset allocation policy targets non-US equity investments at 20%. The ERS may enter into foreign currency exchange contracts to minimize the short-term impact of foreign currency fluctuations on foreign investments.

The ERS's exposure to foreign currency (expressed in thousands) risk at June 30, 2005, was as follows:

Currency	Currency	Equities	Fixed Income	Total
Australian Dollar	$ 419	$ 82,682	$	$ 83,101
Brazilian Real			4,625	4,625
Canadian Dollar	259	49,125	4,556	53,940
Danish Crone	54	4,157		4,211
Euro Currency	1,565	491,786	33,722	527,073
Hong Kong Dollar	156	26,307		26,463
Hungurarian Forint		358		358
Indonesian Rupiah	167	2,177		2,344
Japanese Yen	1,607	256,658		258,265
Malaysian Ringitt			781	781
Mexican Peso	15	222	695	932
New Zealand Dollar	15	10,294		10,309
Norwegian Krone	22	14,616		14,638
Pound Sterling	2,616	250,934	1,998	255,548
Singapore Dollar	273	17,239		17,512
South African Rand	580	7,022		7,602
South Korean Won	1,252	14,293		15,545
Swedish Krona	3,508	18,416	818	22,742
Swiss Franc	250	54,898		55,148
New Taiwan Dollar		2,245		2,245
	$ 12,758	$ 1,303,429	$ 47,195	$ 1,363,382

The ERS also had exposure to foreign currency risk though its investment in an international commingled equity fund.

Derivatives and Other Similar Investments

Some of the ERS's investment managers are allowed to invest in certain derivative type transactions, including forward foreign currency transactions, futures contracts and mortgage-backed securities. According to investment policy guidelines, derivative type instruments may be used for hedging purposes and not for leveraging plan assets.

Forward Foreign Currency Contracts – The ERS may enter into foreign currency exchange contracts to minimize the short-term impact of foreign currency fluctuations on foreign investments. These contracts involve risk in excess of the amount reflected in the ERS's Statements of Fiduciary Net Assets. The face or contract amount in U.S. dollars reflects the total exposure the ERS has in that particular currency contract. By policy, no more than 25% of actively managed Foreign Equity securities (at fair value) may be hedged into the base currency (US Dollars). The U.S. dollar value of forward foreign currency contracts is determined using forward currency exchange rates supplied by a quotation service. Losses may arise due to changes in the value of the foreign currency or if the counterparty does not perform under the contract.

Futures contracts – The ERS may use futures to manage its exposure to the stock, money market, and bond markets and the fluctuations in interest rates and currency values. Buying futures tends to increase the ERS's exposure to the underlying instrument. Selling futures tends to decrease the ERS's exposure to the underlying instrument, or hedge other ERS investments. Losses may arise from changes in the value of the underlying instruments, if there is an illiquid secondary market for the contracts, or if the counterparties do not perform under the contract terms.

Through commingled funds, the ERS also indirectly holds derivative type instruments, primarily equity index futures. Other types of derivative type instruments held by the commingled funds include purchased or written options, forward security contracts, forward foreign currency exchange contracts, interest rate swaps and total return swaps.
The ERS may sell a security they do not own in anticipation of a decline in the fair value of that security. Short sales may increase the risk of loss to the ERS when the price of a security underlying the short sale increases and the ERS is subject to a higher cost to purchase the security in order to cover the position.

Securities Lending

Policies of the State Investment Commission permit the ERS to enter into securities lending transactions. The ERS has contracted with State Street Bank & Trust Company (SSB) as third party securities lending agent to lend the ERS's debt and equity securities for cash, securities and sovereign debt of foreign countries as collateral at not less than 100% of the market value of the domestic securities on loan and at not less than 100% of the market value of the international securities on loan. In practice, U.S. equities and bonds are collateralized at 102% and international equities are collateralized at 105%. There are no restrictions on the amount of loans that can be made. The contract with the lending agent requires them to indemnify the ERS if the borrowers fail to return the securities. Either the ERS or the borrower can terminate all securities loans on demand.

The cash collateral received on security loans was invested in the lending agent's short-term investment pool for an average duration of 25 days and a weighted average maturity of 174 days. Because the loans were terminable at will, their duration did not generally match the duration of the investments made with cash collateral. The ERS is not permitted to pledge or sell collateral securities received unless the borrower defaults. There were no losses during the fiscal year resulting from default of the borrowers or lending agent.

At June 30, 2005, management believes the ERS has no credit risk exposure to borrowers because the amounts the ERS owes the borrowers do not exceed the amounts the borrowers owe the ERS. The securities on loan at year-end were $988,765,048 (fair value), and the collateral received for those securities on loan was $1,017,104,074 (fair value).

Private Purpose Trusts

The private purpose trusts had investments of $2,010,000 in a mutual fund. The average maturity of the fund was not available.

Note 4. Receivables

Receivables at June 30, 2005 (expressed in thousands) consist of the following:

	Taxes	Accounts	Accrued Interest	Notes and Loans	Allowance for Uncollectibles	Total Receivables
Governmental Activities:						
General	$ 250,592	$ 81,684	$	$ 485	$ (103,093)	$ 229,668
Intermodal Surface Transportation	12,744			1,000	(402)	13,342
Other governmental	37,647	5,517			(1,983)	41,181
Internal Service		11,885		390		12,275
Total - governmental activities	$ 300,983	$ 99,086	$	$ 1,875	$ (105,478)	$ 296,466
Amounts not expected to be collected in the subsequent year and recorded as deferred revenue						
General	$ 5,027	$ 6,256				
Intermodal Surface Transportation		22,068				
Business-type activities:						
State Lottery	$	$ 8,280	$	$	$ (460)	$ 7,820
Convention Center		672	206		(50)	828
Employment Security	50,119	12,665			(10,382)	52,402
Total - business-type activities	$ 50,119	$ 21,617	$ 206	$	$ (10,892)	$ 61,050
Component Units	$	$ 93,598	$ 32,922	$ 2,232,850	$ (55,413)	$ 2,303,957

Component Units

Loans receivable of the R.I. Housing and Mortgage Finance Corporation are secured by a first lien on real and personal property and, in some instances, are federally insured. Loans receivable of the R.I. Student Loan Authority are insured by the R.I. Higher Education Assistance Authority, which in turn has a reinsurance agreement with the federal government. The R.I. Clean Water Finance Agency provides loans to municipalities, sewer commissions, or wastewater management districts in the State for constructing or upgrading water pollution abatement projects.

Note 5. Intra-Entity Receivables and Payables

Intra-entity receivables and payables, as of June 30, 2005, are the result of operations and expected to be reimbursed within the fiscal year. They are summarized below (expressed in thousands):

	Interfund Receivable	Interfund Payable
Governmental Funds		
Major Funds		
General Fund	$	$ 438
Intermodal Surface Transportation Fund		3,202
GARVEE		924
Other		
Bond Capital	7,829	
RI Temporary Disability Insurance		850
COPS		596
Total Other	7,829	1,446
Total Governmental	7,829	6,010
Proprietary Funds		
Enterprise		
RI Lottery		1,550
Employment Security Trust Fund		1,509
Total Enterprise		3,059
Internal Service		
Assessed Fringe Benefits		681
Central Utilities	150	
Information Processing		1,640
Central Postage		121
Centrex	1,243	
Pastore Communications	48	
Central Pharmacy	820	
Central Laundry	41	
Automotive Maintenance		48
Central Warehouse	124	
Correctional Industries	476	
Health Insurance	864	
Records Center		36
Total Internal Service	3,766	2,526
Totals	$ 11,595	$ 11,595

Note 6. Capital Assets

The capital asset activity of the reporting entity consists of the following (expressed in thousands):

Primary Government

Governmental Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ 322,369	$ 4,145	$	$ 326,514
Intangibles	85,564	5,425		90,989
Construction in progress	82,810	51,156	(88)	133,878
Total capital assets not being depreciated	490,743	60,726	(88)	551,381
Capital assets being depreciated:				
Land improvements	3,601			3,601
Buildings	429,982	696		430,678
Building Improvements	198,632	837		199,469
Furniture and equipment	158,399	16,296	(4,075)	170,620
Intangibles	898	298		1,196
Infrastructure	361,850	168,200		530,050
Total capital assets being depreciated	1,153,362	186,327	(4,075)	1,335,614
Less accumulated depreciation for:				
Land improvements	2,158	181		2,339
Buildings	138,043	8,296		146,339
Building Improvements	108,936	8,647		117,583
Furniture and equipment	120,355	14,635	(3,901)	131,089
Intangibles	205	209		414
Infrastructure	17,458	14,865		32,323
Total accumulated depreciation	387,155	46,833	(3,901)	430,087
Total capital assets being depreciated, net	766,207	139,494	(174)	905,527
Governmental activities capital assets, net	$ 1,256,950	$ 200,220	$ (262)	$ 1,456,908

The amounts reported above for infrastructure are only the additions for the fiscal year ended June 30, 2002 and subsequent fiscal years. As provided for in GASB Statement No. 34, the State opted to take advantage of the transition period and retroactively report its major general infrastructure assets in the fiscal year ended June 30, 2006.

The current period depreciation was charged to the governmental functions on the Statement of Activities as follows:

General government	$ 5,193
Human services	9,743
Education	2,902
Public safety	8,734
Natural resources	2,327
Transportation	17,934
Total depreciation expense - governmental activities	$ 46,833

Business-Type Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ 38,032	$	$ (6,558)	$ 31,474
Construction in progress	1,189	2,641	(3,524)	306
Total capital assets not being depreciated	39,221	2,641	(10,082)	31,780
Capital assets being depreciated:				
Buildings	229,813	54	(81,386)	148,481
Machinery and equipment	24,722	3,793	(20,319)	8,196
Total capital assets being depreciated	254,535	3,847	(101,705)	156,677
Less accumulated depreciation	94,113	8,766	(39,296)	63,583
Total capital assets being depreciated, net	160,422	(4,919)	(62,409)	93,094
Business-type activities capital assets, net	$ 199,643	$ (2,278)	$ (72,491)	$ 124,874

Discretely Presented Component Units

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ 86,479	$ 3,733	$ (10,314)	$ 79,898
Construction in progress	255,517	111,488	(27,278)	339,727
Total capital assets not being depreciated	341,996	115,221	(37,592)	419,625
Capital assets being depreciated:				
Buildings	970,521	31,531	(16,777)	985,275
Land improvements	105,325	29,325	(1,125)	133,525
Machinery and equipment	237,099	24,017	(14,537)	246,579
Infrastructure	295,366	14,529		309,895
Total capital assets being depreciated	1,608,311	99,402	(32,439)	1,675,274
Less accumulated depreciation for:				
Buildings	348,317	35,092	(19,911)	363,498
Land improvements	61,103	5,855		66,958
Machinery and equipment	132,059	19,892	(9,226)	142,725
Infrastructure	85,806	6,071		91,877
Total accumulated depreciation	627,285	66,910	(29,137)	665,058
Total capital assets being depreciated, net	981,026	32,492	(3,302)	1,010,216
Total capital assets, net	$ 1,323,022	$ 147,713	$ (40,894)	$ 1,429,841

Note 7. Long-Term Obligations

Long-term obligations include bonds, notes and loans payable, obligations under capital leases, compensated absences, and other long-term liabilities.

A. Bonds Payable

At June 30, 2005, future debt service requirements were as follows (expressed in thousands):

Fiscal Year Ending June 30	Primary Government				Component Units	
	Governmental Activities		Business Type Activities			
	Principal	Interest	Principal	Interest	Principal	Interest
2006	$ 100,489	$ 97,251	$ 6,925	$ 10,389	$ 243,911	$ 125,861
2007	76,478	93,737	7,250	10,063	153,293	119,475
2008	72,836	88,978	7,585	9,721	145,088	114,430
2009	78,474	82,536	7,865	9,363	89,892	109,113
2010	72,309	78,524	8,240	8,992	79,108	105,505
2011-2015	417,095	331,721	47,635	36,882	437,762	473,277
2016-2020	236,715	246,221	58,195	21,840	489,702	372,423
2021-2025	184,310	194,268	50,630	7,192	407,311	257,416
2026-2030		167,686	8,530	508	357,232	166,691
2031-2035	168,260	136,768			412,955	83,739
2036-2040		116,156			366,615	20,570
2041-2045	371,700	46,463			6,230	1,613
2046-2050					2,865	74
	$ 1,778,666	$ 1,680,309	$ 202,855	$ 114,950	$ 3,191,964	$ 1,950,187

Primary Government

Current interest bonds of the State are serial bonds with interest payable semi-annually and multi-modal variable rate demand bonds. Capital appreciation bonds are designated as College and University Savings Bonds. The accreted interest is recognized as a current year expense in the governmental activities on the statement of activities. These bonds mature from 2006 to 2009 with all interest payable at maturity.

Included in the current interest bonds is $22,665,000 of general obligation multi-modal variable rate demand bonds maturing in fiscal year 2020. These bonds were initially issued in the weekly rate mode but can be changed by the issuer (the State) to a daily, commercial paper or term rate mode. The interest rate is determined either weekly or daily based on the mode; interest is paid monthly. The owners of the bonds in a weekly mode can require the State (acting through its remarketing and tender agents) to repurchase the bonds. The remarketing agent is authorized to use its best efforts to resell any purchased bonds by adjusting the interest rate offered. The State has entered into a standby bond purchase agreement (liquidity facility) with the tender agent and a commercial bank (the bank). The remarketing agent is required to offer for sale all bonds properly tendered for purchase. In the event the remarketing agent is unable to remarket tendered bonds, the standby bond purchase agreement provides that the bank agrees to purchase any bonds from time to time in an amount not to exceed the principal amount plus accrued interest up to 37 days at an interest rate not to exceed 12% per annum, subject to the terms and provisions of the liquidity facility. This agreement has been extended through June 2006. The State is required to pay

the bank at an interest rate based on its prime lending rate or the federal funds rate plus 1/2 of 1 percent, whichever is higher. The standby bond purchase agreement remains in effect until the payment in full of the principal and interest on all bonds purchased by the bank.

Revenue bonds of the R.I. Refunding Bond Authority (RIRBA) are secured by lease rentals payable by the State pursuant to lease agreements relating to projects financed by the authority and leased to the State. Proceeds from the RIRBA bonds have been used (1) to loan funds to the State to effect the advance refunding of general obligation bonds issued by the State in 1984; (2) to finance construction and renovation of certain buildings, and (3) to finance acquisition of equipment used by various State agencies.

In June 2002, the Tobacco Settlement Financing Corporation (TSFC), a blended component unit, issued $685,390,000 of Tobacco Asset-Backed Bonds (Bonds) that were used to purchase the State's future rights in the Tobacco Settlement Revenues under the Master Settlement Agreement and the Consent Decree and Final Judgment. As stated in the bond indenture, the Bonds are payable as to principal and interest solely out of the assets of the TSFC pledged for such purpose; neither the faith and credit nor the taxing power of the State or any political subdivision thereof is pledged to the payment of the principal or of the interest on the Bonds; the Bonds do not constitute an indebtedness of the State or any political subdivision of the State; the Bonds are secured solely by and are payable solely from the tobacco receipts sold to the TSFC and other monies of the TSFC; the Bonds do not constitute a general, legal, or moral obligation of the State or any political subdivision thereof and the State has no obligation or intention to satisfy any deficiency or default of any payment of the Bonds. The TSFC has no taxing power. During the year ended June 30, 2005, TSFC utilized $6,850,000 of excess collections to early redeem an equal amount of outstanding bonds.

In fiscal year 2002, several governmental entities had created component units similar to the TSFC. These entities were not consistent as to the inclusion of the component unit in their Comprehensive Annual Financial Reports (CAFRs) with GASB Statement No. 14, *The Financial Reporting Entity* as the only guidance to a rather unique situation. Therefore, there was a lack of comparability amongst the CAFRs. GASB issued Technical Bulletin, *Tobacco Settlement Recognition and Financial Reporting Entity Issues*, which, amongst other things, made it clear that the TSFC should be blended rather than discretely presented.

Revenue bonds of the R.I. Convention Center Authority (RICCA) were issued to (a) refund bonds and notes, (b) pay construction costs, (c) pay operating expenses, (d) pay interest on revenue bonds prior to completion of construction, (e) fund a debt service reserve and (f) pay costs of issuance. The revenue bonds are secured by all rents receivable, if any, under a lease and agreement between the RICCA and the State covering all property purchased by the RICCA. It also covers a mortgage on facilities and land financed by the proceeds of the revenue bonds and amounts held in various accounts into which bond proceeds were deposited. Minimum annual lease payments by the State are equal to the gross debt service of RICCA. In the event of an operating deficit (excluding depreciation), annual lease payments may be increased by the amount of the deficit. The obligation of the State to pay such rentals is subject to and dependent upon annual appropriations of such payments being

made by the Rhode Island General Assembly for such purpose. Those appropriations are made in connection with the State's annual budgetary process and are therefore dependent upon the State's general financial resources and factors affecting such resources.

During November 2001, the RICCA issued Refunding Revenue Bonds, 2001 Series A (the bonds), in the aggregate principal amount of $101,315,000. The Bonds may bear interest at Daily Rates, Weekly Rates, or Term Rates, as defined in the Bond Resolution adopted by the RICCA on October 18, 2001, for periods selected from time to time by the RICCA and determined by UBS Painewebber, Inc. (UBS), as Remarketing Agent under the Remarketing Agreement (the Agreement) dated November 6, 2001. In addition, the RICCA may convert the Bonds to fixed rate bonds. The Bonds initially bear interest at the weekly rate as determined by UBS and are payable in monthly installments. Total interest paid to the Bondholders for the year ended June 30, 2005 was $1,768,700. The Bonds mature in varying installments beginning on May 15, 2004 through May 15, 2027. During May 2005, a portion of the bonds maturing between 2006 and 2027, in the amount of $32,210,000, were called and retired during June 2005.

Concurrent with the issuance of the 2001 Series A Refunding Revenue Bonds, the RICCA entered into an interest rate swap agreement (the Swap Agreement) with UBSAG, Stamford Branch (UBSAG). Under the terms of the Swap Agreement, the RICCA agrees to pay to UBSAG a fixed interest rate of 3.924% on the outstanding principal amount of the Bonds each May 15th and November 15th through May 15, 2027. In exchange, UBSAG agrees to pay to the RICCA interest at the Weekly Rate on a monthly basis through May 15, 2027. The Swap Agreement contains a barrier option early termination date of November 15, 2006 and every fixed rate payment due date thereafter. In addition, UBSAG has the right, but not the obligation, on providing 30 calendar days notice prior to the early termination date, to terminate the Swap Agreement if the averaged Weekly Rate has exceeded 5.25% per annum within the preceding 180 days. Such termination shall not require the consent of the RICCA and no fees, payments or other amounts shall be payable by either party in respect of this termination. Total interest paid by the RICCA to UBSAG for the years ended June 30, 2005 under the Swap Agreement was $3,528,800. Total interest received by the RICCA from UBSAG for the years ended June 30, 2005 under the Swap Agreement was $1,696,400. By entering into the Swap Agreement, the RICCA converted variable rate bonds to fixed rate bonds to minimize interest rate fluctuation risk.

Concurrently, the RICCA entered into a standby bond purchase agreement with Dexia Credit Local (Dexia). Under the terms of the standby bond purchase agreement, Dexia agrees from time to time during the commitment period, as defined by the standby bond purchase agreement, to purchase bonds from the RICCA that bear interest at variable rates. The purchase price shall not exceed the aggregate amount of principal and interest outstanding on said bonds at the time of purchase. Under the terms of the standby bond purchase agreement, Dexia agrees to purchase the bonds when notified by U.S. Bank (the Bonds' paying agent). The initial purchase price is $102,480,817, which consists of the original $101,315,000 of principal plus accrued interest in the amount of $1,165,817 through May 15, 2002.

The termination date of the standby bond purchase agreement is the later of November 1, 2006 or when all principal and interest on any bonds purchased by Dexia have been paid in full. Under the terms of the standby bond purchase agreement, the RICCA is obligated to pay a fee equal to .165% per annum of the outstanding bond principal and interest. Fees paid by the RICCA for the years ended June 30, 2005 totaled $166,200.

The Rhode Island Economic Development Corporation (RIEDC) issued $216,805,000 of Grant Anticipation Revenue Bonds which are payable solely from future federal aid revenues to be received by the State in reimbursement of federally eligible costs of specific transportation construction projects. The bonds do not constitute a debt, liability, or obligation of the State or any political subdivision thereof. The RIEDC has no taxing power. The obligation of the State to make payments to the trustee of future federal aid revenues is subject to annual appropriation by the General Assembly.

The Rhode Island Economic Development corporation issued $53,030,000 of Rhode Island Motor Fuel Tax Revenue Bonds which are payable solely from certain pledged revenues derived from two cents ($.02) per gallon of the thirty cents ($.30) per gallon Motor Fuel Tax. The bonds provide the state matching funds for the Grant Anticipation Revenue Bonds. The bonds do not constitute a debt, liability, or obligation of the State or political subdivision thereof. The RIEDC has no taxing power. The obligation of the State to make payments to the trustee of future pledged motor fuel taxes are subject to annual appropriation by the General Assembly.

At June 30, 2005 general obligation bonds authorized by the voters and unissued amounted to $398,149,000. In accordance with the General Laws, unissued bonds are subject to extinguishment seven years after the debt authorization was approved unless extended by the General Assembly.

See Note 13 for information concerning contingent liabilities relating to "Moral Obligation" bonds.

Component Units

Revenue bonds of the University of Rhode Island (URI), Rhode Island College (RIC), and Community College of Rhode Island (CCRI) were issued under trust indentures and are collateralized by a pledge of revenues from the facilities financed. The facilities include housing, student union (including bookstores) and dining operations. Under terms of the trust indentures, certain net revenues from these operations must be transferred to the trustees for payment of interest, retirement of bonds, and maintenance of facilities. The bonds are payable in annual or semi-annual installments to various maturity dates. Revenue bonds also include amounts borrowed under a loan and trust agreement between the R.I. Health and Educational Building Corporation (RIHEBC) (a proprietary component unit) and the Board of Governors for Higher Education acting for URI, RIC, and CCRI. The agreement provides for RIHEBC's issuance of the bonds with a loan of the proceeds to the university and colleges and the payment by the university and colleges to RIHEBC of loan payments that are at least equal to debt service on the bonds. The bonds are secured by a pledge of revenues of the respective institutions.

Bonds of the R.I. Housing and Mortgage Finance Corporation (RIHMFC) are special obligations of RIHMFC, payable from the revenue, prepayments and all the funds and accounts pledged under the various bond resolutions to the holders of the bonds. The proceeds of the bonds were generally used to acquire mortgage loans which are secured principally by a first lien upon real property and improvements.

The R.I. Student Loan Authority issued tax exempt Student Loan Revenue Bonds that are secured by eligible student loans, the monies in restricted funds established by the trust indenture and all related income. The proceeds of the issuance and operating cash were used to refund bonds and to originate and purchase eligible student loans.

The R.I. Economic Development Corporation (RIEDC) has bonds outstanding referred to as Airport Revenue Bonds. They were issued to finance the construction and related costs of certain capital improvements at T.F. Green State Airport. The proceeds of the bonds were loaned to the R.I. Airport Corporation, a subsidiary and component unit of RIEDC. The remainder of bonds outstanding comprise the financing to purchase land and make land improvements at Island Woods Industrial Park in Smithfield, R.I. and to acquire land, make improvements and renovations of a building and parking lot (The Fleet National Bank Project).

The proceeds of the revenue bonds of the R.I. Clean Water Finance Agency provide funds to make low interest loans to municipalities in the State and quasi-state agencies to finance or refinance the costs of construction or rehabilitation of water pollution abatement projects.

Bonds of the R.I. Water Resources Board Corporate were issued to provide financing to various cities, towns, private corporations and companies engaged in the sale of potable water and the water supply business.

The $80,000,000 of authorized bonds that may be issued by the R.I. Industrial-Recreational Building Authority is limited by mortgage balances that it has insured, $26,041,000 at June 30, 2005 (See Note 21). The insured mortgages are guaranteed by the State.

B. Notes Payable

Notes payable (expressed in thousands) at June 30, 2005 are as follows:

Component Units	
Rhode Island College note payable to the federal government with interest at 5.5% payable in semi-annual installments of principal and interest through 2024.	$ 2,050
R.I. Housing and Mortgage Finance Corporation bank notes, 2.30% to 5.46% interest, payable through 2006.	127,000
R.I. Clean Water Finance Agency Bond Anticipation Note maturing on March 1, 2007 at an interest rate of 2.60%	7,719
R.I. Resource Recovery Corporation notes due in installments through September 2006, 5 % interest.	2,000
R.I. Industrial-Recreational Building Authority bank note, prime minus .5 % or LIBOR plus 1.25%, due 2010	3,000
	141,769
Less: current payable	(128,213)
	$ 13,556

C. Loans Payable

Component Units

Loans payable include liabilities of the Narragansett Bay Commission (NBC) to the R.I. Clean Water Finance Agency (RICWFA) of $238,314,838.

D. Obligations Under Capital Leases

Primary Government

The State has entered into capital lease agreements with financial institutions. These financing arrangements have been used by the State to acquire, construct or renovate facilities and acquire other capital assets.

The State's obligation under capital leases at June 30, 2005 consists of the present value of future minimum lease payments less any funds available in debt service reserve funds.

Obligation of the State to make payments under lease agreements is subject to and dependent upon annual appropriations being made by the General Assembly.

The following is a summary of material future minimum lease payments (expressed in thousands) required under capital leases that have initial or remaining noncancelable lease terms in excess of one year as of June 30, 2005.

Fiscal Year Ending June 30	COPS	Other	Total
2006	$ 19,539	$ 1,922	$ 21,461
2007	23,808		23,808
2008	23,807		23,807
2009	23,348		23,348
2010	23,259		23,259
2011 - 2015	94,242		94,242
2016 - 2020	74,304		74,304
2021 - 2025	50,182		50,182
Total future minimum lease payments	332,489	1,922	334,411
Amount representing interest	(101,729)	(218)	(101,947)
Present value of future minimum lease payments	$ 230,760	$ 1,704	$ 232,464

Component Units

In addition to capital leases with outside vendors, Rhode Island College (RIC) and R.I. Public Telecommunications Authority (RIPTCA) obligations under capital leases include construction of facilities by the R.I. Refunding Bond Authority, a blended component unit. RIC and the University of Rhode Island (URI) have capital lease agreements for land and/or buildings with related parties (their respective foundations). URI has a capital lease obligation for the construction of a steam plant with the RI Economic Development Corporation (RIEDC) (a blended component unit). The Community College of Rhode Island (CCRI) has a capital lease for land and building.

Capital lease obligations of the RIEDC are for equipment purchases.

The following is a summary of the material future minimum lease payments (expressed in thousands) required under capital leases that have initial or remaining noncancelable lease terms in excess of one year as of June 30, 2005.

Fiscal Year Ending June 30	URI	RIC	CCRI	RIEDC	RIPTCA	NBC
2006	$ 1,914	$ 64	$ 89	$ 1,087	$ 505	$ 238
2007	1,785	64	90	930	863	164
2008	1,763	64	89	637	976	112
2009	1,427	42	156	610	756	7
2010	1,424		156	715		
2011-2015	6,639		781	1,038		
2016-2020	6,304		782	0		
2021-2025			624			
Total future minimum lease payments	21,256	234	2,767	5,017	3,100	521
Amount representing interest	(5,746)	(39)	(946)	(584)	(309)	(40)
Present value of future minimum lease payments	$ 15,510	$ 195	$ 1,821	$ 4,433	$ 2,791	$ 481

E. Compensated Absences

State employees are granted vacation and sick leave in varying amounts based upon years of service. At the termination of service, the employee is paid for accumulated unused vacation leave. Also, the employee is entitled to payment of a percentage of accumulated sick leave at

retirement. The State calculates the liability for accrued sick leave for only those employees that are eligible for retirement. Payment is calculated at their then-current rate of pay.

The compensated absences liability attributable to the governmental activities will be liquidated in the applicable fund as the sick and vacation time is discharged. Upon termination the applicable amount owed will be paid out of the Assessed Fringe Benefit Fund, an internal service fund.

F. Other Long-Term Liabilities

Items in this category include, but not limited to, income on invested general obligation bond proceeds, determined to be arbitrage earnings in accordance with federal regulations. These amounts are generally payable to the federal government five years after the bond issuance date. Retainage payable is also included since the related construction projects are not expected to be completed in the subsequent fiscal period. In addition, this section includes special obligation notes with a local banking institution.

G. Changes in Long-Term Debt

During the fiscal year ended June 30, 2005, the following changes (expressed in thousands) occurred in long-term debt:

Primary Government

	Balance July 1	Additions	Reductions	Balance June 30	Amounts Due Within One Year	Amounts Due Thereafter
Governmental activities						
General obligation bonds payable:						
Current interest bonds	$ 762,027	$ 204,105	$ (165,826)	$ 800,306	$ 48,448	$ 751,858
Capital appreciation bonds	610			610	306	304
Accreted interest on capital appreciation bonds	7,433	2,136		9,569	5,107	4,462
Premium and deferred amount on refunding	25,908	9,718	(2,479)	33,147		33,147
	795,978	215,959	(168,305)	843,632	53,861	789,771
RIEDC Grant Anticipation Bonds	216,805		(30,755)	186,050	32,290	153,760
Premium	19,779		(1,884)	17,895		17,895
RIEDC Rhode Island Motor Fuel Tax Revenue Bonds	47,405		(5,150)	42,255	5,150	37,105
Premium	85		(5)	80		80
Revenue bonds - RIRBA	84,730		(10,115)	74,615	14,295	60,320
Net premium/discount and deferred amount on refunding	4,710		(2,021)	2,689		2,689
Tobacco Settlement Asset-Backed Bonds	681,680		(6,850)	674,830		674,830
Net premium/discount	(32,405)		2,866	(29,539)		(29,539)
Bonds payable	1,818,767	215,959	(222,219)	1,812,507	105,596	1,706,911
Certificates of Participation (COP)	99,535	139,410	(8,185)	230,760	10,005	220,755
Premium		5,796	(146)	5,650		5,650
Other capital leases	3,350		(1,646)	1,704	1,704	
Obligations under capital leases	102,885	145,206	(9,977)	238,114	11,709	226,405
Compensated absences	60,716	55,367	(51,435)	64,648	46,793	17,855
Other long-term liabilities	52,039	8,647	(17,004)	43,681	2,311	41,370
	$ 2,034,407	$ 425,179	$ (300,635)	$ 2,158,950	$ 166,409	$ 1,992,541
Business type activities						
Revenue bonds	$ 302,320	$	$ (99,465)	$ 202,855	$ 6,925	$ 195,930
Add: bond premium	4,258		(1,455)	2,803		2,803
Less: issuance discounts	5,202		(2,909)	2,293		2,293
Deferred amounts on refunding	16,822		(9,744)	7,078		7,078
Bonds payable	284,554		(88,267)	196,287	6,925	189,362
Other long-term liabilities	153		(153)			
	$ 284,707	$	$ (88,420)	$ 196,287	$ 6,925	$ 189,362

Certain beginning balances for deferred costs were restated to eliminate the netting of bond issue costs with the premiums. The beginning balance of other long-term liabilities was restated because of unrecorded long-term debt.

H. Defeased Debt

In prior years, the State and its component units defeased certain general obligation bonds, revenue bonds and certificates of participation (COP) by placing the proceeds of the new bonds or COP, or other sources, in irrevocable trusts to provide for all future debt service payments on the old bonds or COP. Accordingly, the trust account assets and the liabilities for the defeased bonds or COP are not included in the basic financial statements. On June 30, 2005, the following bonds outstanding (expressed in thousands) are considered defeased:

	Amount
Primary government:	
General Obligation Bonds (includes $9,532 of NBC)	$ 396,805
Certificates of Participation	1,240
R.I. Convention Center Authority	60,225
Component Units:	
R.I. Clean Water Finance Agency	5,665
R.I. Depositors Economic Protection Corporation (ceased operations during FY04)	324,615
R.I. Economic Development Corporation	67,245
R.I. Turnpike and Bridge Authority	34,300

Primary Government

In March 2005, the State issued $60,695,000 Consolidated Capital Development Loan of 2005, Refunding Series A & B, with interest rates ranging from 3.00% to 5.00%, maturing from 2006 through 2019. The proceeds were used to advance refund portions of the 1995B, 1997A, 1998A, 1999A, 2000A and 2001 Refunding Series B Bonds totaling $59,350,00. The net proceeds from the sale of the refunding bonds were used to purchase U.S. Government securities which were deposited in an irrevocable trust with an escrow agent to provide for all future debt service of the refunded bonds. The advance refunding met the requirements of an in-substance debt defeasance and the refunded bonds were removed from the Statement of Net Assets. The refunding decreased total debt service payments over the next 14 years by $3,678,687 and resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of $2,737,226.

In April 2005, the State issued $56,315,000 Consolidated Capital Development Loan of 2005, Refunding Series D, with interest rates ranging from 2.50% to 5.00%, maturing from 2006 through 2019. The proceeds were used to advance refund portions of the 1997A, 1998A, 1999A, 2000A and 2001 Refunding Series B Bonds totaling $55,510,00. The net proceeds from the sale of the refunding bonds were used to purchase U.S. Government securities which were deposited in an irrevocable trust with an escrow agent to provide for all future debt service of the refunded bonds. The advance refunding met the requirements of an in-substance debt defeasance and the refunded bonds were removed from the Statement of Net Assets. The refunding decreased total debt service payments over the next 14 years by $3,820,979 and resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of $2,300,801.

Component Units

During the fiscal year ended June 30, 2005, RIEDC, on behalf of the Airport Corporation, issued $44,465,000 of revenue bonds with an average interest rate of 4.916% to advance refund $42,165,000 of revenue bonds with an average interest rate of 6.065%. These bonds were advance refunded to reduce total debt service payments over the next 16 years by approximately $3,040,000 and to obtain an economic gain of approximately $223,000. The reacquisition price exceeded the carrying amount of the old debt by $5,366,543. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is shorter than the life of the new debt issued.

The proceeds of the refunding bonds were used to purchase U.S. Government securities which were deposited into an irrevocable trust with an escrow agent to provide for all future payments on the refunded bonds. Thus, $42,165,000 of refunded revenue bonds are considered defeased and the liability for those bonds has been removed from the statement of net assets as of June 30, 2005.

On June 29, 2005, NBC entered into a prepayment and escrow agreement with the State to effectuate the prepayment in full and the economic defeasance of their State Obligations. NBC deposited $10,977,827 with an escrow trustee, who shall use the proceeds of the invested funds to pay the interest, premium, if any, and principal of the Bonds and the payment of the Tobacco Bond Payment Amounts.

I. Conduit Debt

The R.I. Industrial Facilities Corporation, the R.I. Health and Educational Building Corporation and the R.I. Economic Development Corporation issue revenue bonds, equipment acquisition notes, and construction loan notes to finance various capital expenditures for Rhode Island business entities. The bonds and notes issued by the corporations are not general obligations of the corporations and are payable solely from the revenues derived from the related projects. They neither constitute nor give rise to a pecuniary liability for the corporations nor do they represent a charge against their general credit. Under the terms of the various indentures and related loan and lease agreements, the business entities make loan and lease payments directly to the trustees of the related bond and note issues in amounts equal to interest and principal payments due on the respective issues. The payments are not shown as receipts and disbursements of the corporations, nor are the related assets and obligations included in the financial statements. The amount of conduit debt outstanding on June 30, 2005 was $111,000,000, $1,703,029,871 and $630,222,000 respectively. Certain issues of conduit debt are moral obligations of the State and the cumulative amounts outstanding are disclosed in Note 13.

Note 8. Net Assets

Government-Wide Unrestricted Net Assets

	Governmental Funds	
Deficit	$ (1,470,118)	
General Revenue	38,699	Unrestricted balance
Appropriations carried forward:		
General Revenues	13,489	General revenues carried forward for original purpose
Restricted Revenues	34,303	Restricted revenues carried forward for original purpose
Other	7,424	Principally capital accounts carried forward for original purpose
Special Revenue	32,588	ISTEA, Tobacco Settlement Trust, R.I. TDI Fund RI Economic Policy Council
Capital Projects Fund	388,829	Committed for capital projects
Permanent Fund	917	Permanent School
Internal Service Funds	17,432	Unrestricted balance of all Internal Service Funds
Unrestricted Net Assets	$ (936,437)	

Changes in General Fund Reserved Fund Balances

The State maintains certain reserves within the General Fund in accordance with the General Laws. These reserves accumulate in the General Fund until withdrawn by statute or used for the intended purposes pursuant to the enabling legislation.

	Reserved Fund Balance July 1	Additions	Reductions	Reserved Fund Balance June 30
State Budget Reserve Account	$ 84,298	$ 60,591	$ (54,002)	$ 90,887
Appropriations carried forward				
General revenue	10,146	13,489	(10,146)	13,489
Departmental restricted revenue	28,977	34,303	(28,977)	34,303
Operating transfers in	8,422	7,424	(8,422)	7,424
Total	$ 131,843	$ 115,807	$ (101,547)	$ 146,103

The State maintains a budget reserve in the general fund. Annually, 2% of general revenues and opening surplus are set aside in this reserve account. Amounts in excess of 3% of the total general revenues and opening surplus are transferred to the bond capital fund to be used for capital projects, debt reduction or debt service. The reserve account, or any portion thereof, may be appropriated in the event of an emergency involving the health, safety or welfare of the citizens of the State or in the event of an unanticipated deficit in any given fiscal year. Such appropriations must be approved by a majority of each chamber of the General Assembly.

Appropriations carried forward can only be used for the same purpose as intended in the original budget as enacted by the General Assembly.

Note 9. Taxes

Tax revenue reported on the Statement of Activities is reported net of the allowance for uncollectible amounts. Tax revenue on the Statement of Revenues, Expenditures and Fund Balances – Governmental Funds is reported net of the uncollectible amount and the amount that will not be collected within one year (unavailable). The unavailable amount is reported as deferred revenue. The detail of the general revenue taxes as stated on the Statement of Activities and the Governmental Funds Balance Sheet is presented below (expressed in thousands):

	Governmental Funds	Statement of Activities
General Fund		
Personal Income Tax	$ 979,082	$ 979,495
General Business Taxes:		
Business Corporation Tax	115,916	115,932
Non-resident Contractor Tax	111	111
Gross Earnings Tax-Public Utilities	86,358	86,296
Income Tax-Financial Institutions	(1,480)	(1,478)
Tax on Insurance Companies	53,333	53,324
Tax on Deposits-Banking Institutions	1,524	1,524
Health Care Provider Assessment	10,921	10,921
Nursing Facilities Provider Assessments	35,906	35,892
Sub-total - General Business Taxes	302,589	302,522
Sales and Use Taxes:		
Sales and Use Tax	836,355	836,183
Providence Place Sales Tax	11,372	11,372
Motor Vehicle Tax	44,252	44,252
Rental Vehicle Surcharge	2,885	2,882
Fuel Use Tax on Motor Carriers	1,961	1,958
Cigarette Tax	134,432	134,433
Smokeless Tobacco Tax	1,910	1,917
Alcoholic Beverage Import Fees	10,501	10,501
Tax on Mfg. of Beers, Liquors, etc.	36	36
Sub-total - Sales and Use Taxes	1,043,704	1,043,534
Other Taxes:		
Inheritance Tax	32,981	33,007
Simulcast Wagering	2,682	2,682
Dog Racing - Pari-mutuel Betting	1,290	1,290
Dog Racing - Tax on Breakage	19	19
Realty Transfer Tax	14,405	14,405
Mobile Home Conveyance Tax	18	18
Sub-total - Other Taxes	51,395	51,421
Total - General Fund	2,376,770	2,376,972
Intermodal Surface Transportation Fund		
Gasoline	142,696	142,696
Other Governmental Funds	168,016	168,016
Total Taxes	$ 2,687,482	$ 2,687,684

Note 10. Operating Transfers

Operating transfers for the fiscal year ended June 30, 2005 are presented below (expressed in thousands):

Fund Financial Statements

	Transfers	Description
Governmental activities		
Major Funds		
General Fund		
Major Funds		
Intermodal Surface Transportation	$ 52,348	Debt service and operating assistance
Nonmajor Funds		
Bond Capital	32,568	Debt service and capital projects
RI Temporary Disability Insurance	1,155	Operating assistance
Surplus Property	4	
Business-Type Activities		
Lottery	307,550	Net income
Employment Security	5,632	Operating assistance
ISTEA Fund		
Bond Capital	32,701	Infrastructure
GARVEE		
Intermodal Surface Transportation	51,322	Debt Service
Nonmajor Fund		
Bond Capital		
General Fund	54,002	Debt service and capital projects
Economic Policy Council		
General Fund	336	Operating assistance
Total Governmental Activities	537,618	
Business-Type Activities		
Employment Security		
Assessed Fringe Benefits	1,106	Reimbursement for State employee's unemployment compensation
Convention Center		
General Fund	18,083	Debt service
Total operating transfers	$ 556,806	

Note 11. Operating Lease Commitments

The primary government is committed under numerous operating leases covering real property. Operating lease expenditures totaled approximately $13,066,000 for the fiscal year ended June 30, 2005.

Most of the operating leases contain an option allowing the State, at the end of the initial lease term, to renew its lease at the then fair rental value. In most cases, it is expected that these leases will be renewed or replaced by other leases.

The following is a summary of material future minimum rental payments (expressed in thousands) required under operating leases that have initial or remaining lease terms in excess of one year as of June 30, 2005:

Fiscal Year Ending June 30	
2006	11,521
2007	8,504
2008	6,827
2009	6,475
2010	6,204
2011 - 2015	19,490
2016 - 2020	7,613
Total	$ 66,634

The minimum payments shown above have not been reduced by any sublease receipts.

Note 12. Commitments

Primary Government

The primary government is committed at June 30, 2005 under various contractual obligations for transportation construction and other capital projects, which will be principally financed with bond proceeds and federal grants. The primary government is also committed at June 30, 2005 under contractual obligations with various service providers, which will be funded through appropriations of general revenue, and federal and restricted revenues in succeeding fiscal years.

The R.I. Economic Development Corporation (RIEDC), on behalf of the State, entered into several agreements with Providence Place Group Limited Partnership (PPG). The agreements state the terms by which the State shall perform with regard to a shopping mall, parking garage and related offsite improvements developed by PPG. The authority to enter into these agreements was provided in legislation passed by the General Assembly and signed by the Governor. This legislation further provided for payments to the developer, during the first 20 years only, of an amount equal to the lesser of (a) two-thirds of the amount of sales tax generated from retail transactions occurring at or within the mall or (b) $3,680,000 in the first five years and $3,560,000 in years 6 through 20.

The R.I. Convention Center Authority (RICCA) has entered into management contracts with vendors under which these vendors will provide various services relating to the operation of the convention center and parking garages.

During May 2003, the Lottery entered into a 20-year master contract with its gaming systems provider granting them the right to be the exclusive provider of information technology hardware, software, and related services for all lottery games. This contract is effective from July 1, 2003 through June 30, 2023, and amends all previous agreements between the parties.

Component Units

The R.I. Airport Corporation (RIAC), a subsidiary and component unit of RIEDC, was obligated for completion of certain airport improvements under commitments of approximately $4,500,000 which is expected to be funded from current available resources and future operations.

The Narragansett Bay Commission has entered into various engineering and construction contracts for the design and improvement of its facilities as part of a capital improvement program. Commitments under these contracts aggregated approximately $127,310,000 at June 30, 2005.

A portion of the Rhode Island Resource Recovery Corporation (RIRRC) landfill is a designated Superfund site. During 1996, the RIRRC entered into a Consent Decree with the United States Environmental Protection Agency (EPA) concerning remedial actions taken by RIRRC for groundwater contamination. The consent Decree requires the establishment of a trust in the amount of $27,000,000 for remedial purposes. The Central Landfill Remediation Trust Fund Agreement was approved August 22, 1996 by the EPA. In accordance with the terms of the agreement, RIRRC has deposited approximately $33,300,000 into the trust fund and has disbursed approximately $5,200,000 for remediation expenses through June 30, 2005. Additionally, trust fund earnings, net of changes in market value have totaled approximately $8,151,000.

The cost of future remedial actions may exceed the amount of funds reserved. However, the RIRRC projects that the amount reserved plus cash flow over the next five years will be adequate to fund the Superfund remedy. RIRRC would seek appropriations from the General Assembly to fund any shortfall. The State, virtually every municipality in the State, and numerous businesses within and without the State are all potentially responsible parties ("PRPs") for the costs of remedial actions at the RIRRC Superfund site. Under federal law, PRPs are jointly and severally liable for all costs of remediation. EPA has agreed not to seek contributions from any other PRP as long as RIRRC is performing the remedy.

The Environmental Protection Agency (EPA) established closure and postclosure care requirements for municipal solid waste landfills as a condition for the right to currently operate them. In 2004, RIRRC reviewed and revised its estimates relating to methane gas monitoring as required by the EPA and leachate pretreatment costs and flows. In addition, the RIRRC began construction of the Phase I and Phase II/III caps. In 2005, RIRRC began landfilling in Phase V and further revised its estimates relating to capping, maintenance and leachate flow costs. The net effect of the changes in assumptions on the provision for landfill closure and postclosure care costs was a decrease in operating income of approximately $4,600,000 in 2005. The total estimate of future landfill closure and postclosure care costs was increased to approximately $89,353,000 at June 30, 2005.

The liability for closure and postclosure care costs at June 30, 2005 of $45,958,380 is recorded in the accompanying statements of net assets, as noted below, with $43,395,335 remaining to be recognized at June 30, 2005.

The detail of the recorded liability (expressed in thousands) is listed below.

	2005
Phase V	$ 5,381
Phase IV	14,919
Phases II and III	5,828
Phase I	19,830
	$ 45,958

Based on the estimates of RIRRC engineers, approximately 95% and 11% of capacity for Phase IV and Phase V, respectively, has been used to date, and it is expected that full capacity will be reached during fiscal 2006 for Phase IV and fiscal 2012 for Phase V.

Amounts provided for closure and postclosure care are based on current costs. These costs may be adjusted each year due to changes in the closure and postclosure care plan, inflation or deflation, technology, or applicable laws or regulations. It is at least reasonably possible that these estimates and assumptions could change in the near term and that the change could be material.

Included in restricted assets on the accompanying statements of net assets is $24,079,387 at June 30, 2005, consisting of amounts placed in trust to meet the financial requirements of closure and postclosure care costs related to Phases II, III, and IV. RIRRC plans to make additional trust fund contributions each year to enable it to satisfy these costs.

The R.I. Housing and Mortgage Finance Corporation had loan commitments of $36,739,000 under various loan programs at June 30, 2005.

The R.I. Turnpike and Bridge Authority has entered into various contracts for maintenance of its bridges. At June 30, 2005 remaining commitments on these contracts approximated $1,154,000, primarily due in one year or less.

The R.I. Public Transit Authority is committed under construction contracts in the amount of $12,919,072 at June 30, 2005.

The R.I. Higher Education Assistance Authority is required to return to the federal government $1,116,117 as it's share of Reserve Funds pursuant to the 1998 reauthorization of the Higher Education Act recall from guaranty agencies. The Authority's share is payable in three installments. As of June 30, 2005, the amount outstanding is $736,637, payable in two installments of $368,319 and $368,318 on September 1, 2006 and 2007, respectively.

The University of Rhode Island, Rhode Island College and Community College of Rhode Island have begun a technology modernization of core administration systems. This is being accomplished system wide through the Office of Higher Education and will be financed over a seven-year period beginning in fiscal year 2000 at a cost of $3,700,000, $2,200,000, and $1,500,000, respectively.

The R.I. Children's Crusade has committed $2,451,440 toward scholarships for tuition during the 2005/2006 school year. This represents approximately 1,100 students for an average award of approximately $2,230 per student. As of June 30, 2005, the estimated value of the potential future scholarship costs through the year 2018 is estimated to be between $3,800,000 and $15,700,000.

Note 13. Contingencies

Primary Government

The State is involved in various civil lawsuits which could result in monetary loss to the State. The lawsuits are in various developmental stages, some to the point that a favorable decision, with no or minimal loss is anticipated, others, where the outcome and amount of loss, if any, cannot be determined and others which are still in the discovery stage.

In June 2002, the Tobacco Settlement Financing Corporation (Corporation), a blended component unit, issued revenue bonds that are the sole obligation of the Corporation. The bonds are asset-backed instruments that are secured solely by the Tobacco Settlement Revenues (TSR's) receivable by the Corporation. The State sold to the Corporation its future rights in the (TSR's) under the Master Settlement Agreement and the Consent Decree and Final Judgement (the MSA). When the Corporation's obligations with the bonds have been fulfilled, the TSR's will revert back to the State.

The Corporation's rights to receive TSR's are expected to produce funding for its obligations. The TSR payments are dependent on a variety of factors, which include:

- the financial capability of the participating cigarette manufacturers to pay TSR's;
- future cigarette consumption which impacts the TSR payment; and
- future legal and legislative challenges against the tobacco manufacturers and the master settlement agreement that provides for the TSR payments.

Litigation has been filed against tobacco manufacturers as well as certain states and public entities. The lawsuits allege, among other claims, that the Master Settlement Agreement (MSA) violates provisions of the U.S. Constitution, state constitutions, federal antitrust and civil rights laws, state consumer protection laws; these actions, if ultimately successful, could result in a determination that the MSA is void or unenforceable. The lawsuits seek to prevent the states from collecting any monies under the MSA, and/or a determination that prevents the tobacco manufacturers from collecting MSA payments through price increases to cigarette consumers. In addition, class action lawsuits have been filed in jurisdictions alleging violations of state Medicaid agreements. To date, no such lawsuits have been successful. The enforcement of the terms of the MSA may continue to be challenged in the future. In the event of an adverse court ruling, the corporation may not have adequate financial resources to service its debt obligations.

In April 2005 twenty of the tobacco manufacturers participating in the MSA either withheld all or portions of their payments due, or remitted their payments to an escrow account, disputing the calculation of amounts due under the agreement. These manufacturers assert that the calculations of the April 2005 payments failed to recognize a non-participating manufactures adjustment. Some of the SPM sought to arbitrate the non-participating manufactures' adjustment rather than follow the procedure outlined in the MSA which required a significant factors determination proceeding before an NPM adjustment could be applied.

The non-participating manufacturer (NPM) adjustment would permit the Participating Manufacturers (PM) to reduce their MSA payments if their market share loss exceeds 2% of the original participating manufacturers' 1997 market share, and if the MSA was a significant factor for the PMs' market share loss, and if the PMs prevailed in proving lack of diligent enforcement of the MSA and the escrow statutes.

For 2003, the Independent Auditor determined that the PMs' market share loss exceeded 2% of the original participating manufacturers' 1997 market share. Rhode Island along with the other Settling States and the PMs have begun a Significant Factors Determination (SFD) proceeding to determine whether or not the PMs have lost market share due to the MSA. Although no date is set for a final determination for the SFD proceeding, Rhode Island anticipates a SFD determination in 2006.

In addition, two NPMs have filed for bankruptcy protection and a PM threatened to seek bankruptcy protection. In December 2005, the Illinois Supreme court reversed a $10.1 billion verdict against Phillip Morris USA, which had caused concern in the market due to the threat of bankruptcy by Phillip Morris. A bankruptcy could slow the flow of MSA payments which secure the TSFC's outstanding bonds. A significant participant in the MSA, Phillip Morris is responsible for over 50% of the payments under the 1998 MSA. While disposing of this litigation cures some of the bankruptcy event risks viewed by the market, there are still cases pending which challenge the validity of the MSA itself.

Litigation has been initiated against the State and the State's Fire Marshal arising out of a tragic fire at a nightclub in West Warwick, Rhode Island. The fire resulted in 100 deaths and injuries to approximately 300 people. Numerous suits have been served upon the State and its Fire Marshal. There is no way to estimate the potential claims against the State and/or its employees. The State intends to contest any liability on its part or that of its employees. In any event, the Attorney General believes the State and its employees have immunity from suit based upon R.I. General Law § 23-28.2-17 of the State Fire Code. In addition, the Attorney General is of the view the State and its employees have immunity under the Public Duty Doctrine. Moreover, should total immunity not be available (which is denied), damages in any tort action against the State ought to be subject to the $100,000 per plaintiff limitation contained in the State's Tort Claims Act.

Federal Grants

The State receives significant amounts of federal financial assistance under grant agreements which specify the purpose of the grant and conditions under which the funds may be used. Generally, these grants are subject to audit. Any disallowances as a result of these audits become a liability of the State. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursements will not be material.

Moral Obligation Bonds

Some component units issue bonds with bond indentures requiring capital reserve funds. Moneys in the capital reserve fund are to be utilized by the trustee in the event scheduled payments of principal and interest by the component unit are insufficient to pay the bond holder(s). These bonds are considered "moral obligations" of the State when the General Laws require the executive director to submit to the Governor the amount needed to restore each capital reserve fund to its minimum funding requirement and the Governor is required to include the amount in the annual budget. At June 30, 2005 the R.I. Housing and Mortgage Finance Corporation and the R.I. Economic Development Corporation (RIEDC) had $272,975,263 and $66,404,274 respectively, in "moral obligation" bonds outstanding. Certain of the RIEDC bonds are economic development revenue bonds whereby the State will assume the debt if the employer reaches and maintains a specified level of full-time equivalent employees. The participating employers have certified that the employment level has been exceeded, thereby triggering credits toward the debt. As a result, the State anticipates paying approximately $1,800,000 of the debt on the related economic development revenue bonds in fiscal year 2006.

Component Units

R.I. Student Loan Authority

The R.I. Student Loan Authority (RISLA) maintains letters of credit in the original stated amount of $31,940,000 on its January 1995 weekly adjustable interest rate bonds and the originally stated amount of $69,203,000 on its April 1996 Series I, II and III variable rate bonds. The letters of credit obligate the letter of credit provider to pay to the trustee an amount equal to principal and interest on the bonds when the same becomes due and payable (whether by reason of redemption, acceleration, maturity or otherwise) and to pay the purchase price of the bonds tendered or deemed tendered for purchase but not remarketed. The letters of credit will expire on the earliest to occur: a) June 30, 2009, for the January 1995 and April 1996 issue; b) the date the letter of credit is surrendered to the letter of credit provider; c) when an alternative facility is substituted for the letter of credit; d) when the bonds commence bearing interest at a fixed rate; e) when an event of default has occurred or f) when no amount becomes available to the trustee under the letter of credit.

Under an agreement with a provider, the Administrative Fund receives account maintenance, direct commission and other fees from the Program Fund. All the Administrative Fund's

operating revenues, totaling $5,828,948, are derived from the Program Fund. In addition, Rhode Island Higher Education Assistance Authority (RIHEAA) receives $250,000 annually (in quarterly installments) directly from Alliance. During 2002, RIHEAA established two scholarship and grant programs, to be funded with Rhode Island Higher Education Savings Trust (RIHEST) administrative fees, as follows:

Academic Promise Scholarship Program: up to $1,000,000 is invested annually through RIHEAA in the CollegeBoundfund for the benefit of 100 academic and income-qualified students to provide up to $10,000 to each student over a four-year scholarship period. During 2005, $1,000,000 was transferred to RIHEAA and RIHEAA in turn invested that amount in the CollegeBoundfund on behalf of unnamed beneficiaries. 5 and 10 Matching Grant Program: up to $500,000 may be made available annually by the Authority to invest through RIHEAA into the CollegeBoundfund as matching contribution accounts for individual's account established for the benefit of income-qualifying individuals. .

During 2005, the Board of Directors authorized the transfer of $4,458,167 to supplement amounts available for need-based scholarships under the State's grant program.

R.I. Public Transit Authority

The R.I. Public Transit Authority has a $2,000,000 line of credit with a financial institution. The line of credit is due on demand with interest payable at a floating rate at the financial institution's base rate or fixed rate options at the financial institution's cost of funds plus 2.00%. No amount was due under this line of credit at June 30, 2005.

R.I. Children's Crusade for Higher Education

The R.I. Children's Crusade for Higher Education has a $850,000 line of credit agreement. Interest is payable monthly at the prime rate less one quarter, which was 3.75% at June 30, 2005. There was an outstanding balance of $125,000 as of June 30, 2005. Total interest expense for the fiscal year ended June 30, 2005 was $2,490.

Note 14. Employer Pension Plans

Plan Descriptions

The State, through the Employees' Retirement System (System), administers four defined benefit pension plans. Three of these plans; the Employees' Retirement System (ERS), a cost-sharing multiple-employer defined benefit pension plan and the Judicial Retirement Benefits Trust (JRBT) and the State Police Retirement Benefits Trust (SPRBT), single-employer defined benefit pension plans; cover most State employees. The State does not contribute to the Municipal Employees' Retirement System, an agent multiple-employer defined benefit pension plan. The System provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The level of benefits provided to State employees, which is subject to amendment by the general assembly, is established by the General Laws as listed below. In addition to the State, there are 40 local public school entities that are members of the ERS. The System issues a publicly available financial report that includes financial statements and required supplementary information for the plans. The report may be obtained by writing to the Employees' Retirement System, 40 Fountain Street, Providence, RI 02903.

Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the System are prepared on the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when incurred. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. Dividend income is recorded on the ex-dividend date. The gains or losses on foreign currency exchange contracts are included in income in the period in which the exchange rates change. Gains and losses on contracts which hedge specific foreign currency denominated commitments are deferred and recognized in the period in which the transaction is completed. Investment transactions are recorded on a trade date basis.

Method Used to Value Investments

Investments are recorded in the financial statements at fair value. Fair value is the amount that a plan can reasonably expect to receive for an investment in a current sale between a willing buyer and a willing seller - that is, other than a forced liquidation sale. The fair value of fixed income and domestic and international stocks are generally based on published market prices and quotations from national security exchanges and securities pricing services. Real estate is primarily valued on appraisals by independent appraisers or as adjusted by the general partner. Other securities and investments, which are not traded on a national security exchange, are valued based on audited December 31 net asset values adjusted for purchases, sales, and cash flows for the period January 1 through June 30.

Commingled funds consist primarily of institutional equity index funds. The fair value of the commingled funds is based on the reported share value of the respective fund. Futures contracts are valued at the settlement price established each day by the board of trade or exchange on which they are traded.

Funding Policy and Annual Pension Cost

The State's annual pension cost (expressed in thousands) for the current year and related information for each plan is listed below. The most recent actuarial information may be found in the separately issued audit report referred to above.

	Employees' Retirement System	State Police Retirement Benefits Trust	Judicial Retirement Benefits Trust
Contribution rates:			
State	11.51%	28.87%	36.19%
Plan members - state employees	8.75%	8.75%	8.75%
State contribution for teachers	5.62% and 6.12%		
Annual pension cost	$114,923	$2,615	$2,057
Contributions made - state employees	$66,088	$2,615	$2,057
Contributions made - teachers	$48,835		
Actuarial valuation date	June 30, 2002	June 30, 2002	June 30, 2002
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method	Level Percent of Payroll - Closed	Level Percent of Payroll - Closed	Level Percent of Payroll - Closed
Equivalent Single Remaining Amortization Period	27 years	27 years	27 years
Asset valuation method	5 Year Smoothed Market	5 Year Smoothed Market	5 Year Smoothed Market
Actuarial Assumptions:			
Investment rate of return	8.25%	8.25%	8.25%
Projected salary increases	4.25% to 14.25%	5% to 15.00%	5.50%
Inflation	3.00%	3.00%	3.00%
Cost-of-living adjustments	3% compounded	$1,500 per annum	3%
Level of benefits established by:			
General Law(s)	36-8 to 10	42-28-22.1	8-3-16, 8-8-10.1, 8-8.2-7 and 28-30-18.1

Three-Year Trend Information

	Year Ending	Annual Pension Cost (APC) (In Thousands)	Percentage of APC Contributed	Net Pension Obligation
Employees' Retirement System	6/30/03	$ 83,384	100%	$ 0
	6/30/04	100,739	100%	0
	6/30/05	114,923	100%	0
State Police Retirement Benefits Trust	6/30/03	2,257	100%	0
	6/30/04	2,224	100%	0
	6/30/05	2,615	100%	0
Judicial Retirement Benefits Trust	6/30/03	1,657	100%	0
	6/30/04	1,830	100%	0
	6/30/05	2,057	100%	0

Article 7 of the Fiscal Year 2006 Appropriation Act (Chapter 117 of the RI Public Laws of 2005) enacted and signed by the Governor on June 30, 2005 provided for major changes in the retirement age, accrual of benefits, and cost of living adjustments for all non-vested (less than 10 years of service) state employees and teachers effective July 1, 2005. The law provides for an actuarially reduced retirement available at age 55 and 20 year of service. Enactment of these changes resulted in significantly lower state and local contributions beginning in Fiscal Year 2006 than would have otherwise been required.

Other

Certain employees of the University of Rhode Island, Rhode Island College, and the Community College of Rhode Island (principally faculty and administrative personnel) are covered by individual annuity contracts with the Teachers' Insurance and Annuity Association. Total expenditures by the institutions for such annuity contracts amounted to $12,710,225 during the year ended June 30, 2005.

The R.I. Public Transit Authority has two pension plans that cover employees meeting certain eligibility requirements. Employer contribution paid in fiscal year 2005 was $4,667,483. At January 1, 2005, the most recent valuation date, the total actuarial accrued liability was $55,908,000 and the actuarial value of assets was $31,085,548. The net pension obligation as of June 30, 2005 is $1,833,410.

Certain other component units have defined contribution pension and savings plans. For information regarding these pension and savings plans, please refer to the component units' separately issued financial reports.

Note 15. Postemployment Benefits

In accordance with the General Laws, postretirement health care benefits are provided to State employees who retire on or after July 1, 1989. The benefits in general cover medical and hospitalization costs for pre-Medicare retirees and a Medicare supplement for Medicare-eligible retirees. The State provides a subsidy for all recipients equal to the difference between the retiree premium and the active premium. This subsidy cost approximately $5.6 million in FY 2005. Additionally the State provides an additional benefit based upon years of service. The State's share varies with years of service and ranges from 50% for retirees with 10-15 years of service to 100% for retirees with 35 years of service. During fiscal year 2005, the State contributed 1.87% of covered payroll for postretirement healthcare benefits. The contribution rates are not actuarially determined. Postretirement health care expenses for the fiscal year ended June 30, 2005 were $9,061,813 net of retirees' contributions for the 5,486 retirees receiving benefits.

In addition to the pension benefits described above, expenditures of $977,879 were recognized for postretirement benefits provided under early retirement incentive programs (an average of $1,195 for each of the 818 retirees covered by the plans).

The above plans are financed on a pay-as-you-go basis.

Note 16. Deferred Compensation

The State offers its employees a deferred compensation plan created in accordance with Internal Revenue Code (IRC) Section 457. The Department of Administration pursuant to

Chapter 36-13 of the General Laws administers the plan. The Department of Administration contracts with private corporations to provide investment products related to the management of the deferred compensation plan. Benefit payments are not available to employees earlier than the calendar year in which the participant attains age 70½, termination, retirement, death or "unforeseeable emergency".

Current Internal Revenue Service regulations require that amounts deferred under a Section 457 plan be held in trust for the exclusive benefit of participating employees and not be accessible by the government or its creditors. The plan assets also may be held in annuity contracts or custodial accounts, which are treated as trusts.

The State does not serve in a trustee capacity. Accordingly, the plan assets are not included in the financial statements.

Note 17. Restatement of Net Assets

Certain beginning balances were restated as listed below (expressed in thousands).

	Beginning Net Assets	Changes	Beginning Net Assets as Restated
Entity-wide			
Governmental Activities	$ (4,563)	$ (11,393)	$ (15,956)
	$ (4,563)	$ (11,393)	$ (15,956)
Component Units			
RITBA	$ 65,114	$ 173	$ 65,287
RIPTA	87,600	893	88,493
RICCHE	(2,382)	10,500	8,118
Other	1,506,326		1,506,326
	$ 1,656,658	$ 11,566	$ 1,668,224
	Beginning Fund Balance	Changes	Beginning Fund Balance as Restated
Governmental Funds	$ 709,595	$ (3)	$ 709,592
	$ 709,595	$ (3)	$ 709,592

The State recorded additional long-term liabilities. RICCHE reduced the long-term estimated scholarship costs, which has been determined not to be a legal obligation of RICCHE. RITBA and RIPTA made corrections in accounting transactions.

Note 18. Condensed Financial Statement Information

The condensed financial statement information for the discretely presented component units is presented (expressed in thousands) in the following schedules:

	RIHMFC	RISLA	RITBA	RIEDC	RIUSTFR	NBC
Other assets	$ 1,844,266	$ 900,739	$ 40,280	$ 279,843	$ 2,660	$ 64,351
Capital assets - nondepreciable			7,992	86,652		275,933
Capital assets - depreciable (net)			59,417	242,839	57	207,493
Due from primary government						
Long term debt	1,361,202	803,367	31,796	321,380		293,217
Other liabilities	221,453	31,725	3,484	13,166	691	15,634
Due to primary government				18,307		
Net assets:						
Invested in capital assets, net of related debt	20,132		35,613	136,410	57	190,210
Restricted						
Debt service	164,304	63,462	8,760			
Other				90,424	535	49
Other nonexpendable						
Unrestricted	77,175	2,185	28,036	29,647	1,434	48,667
Operating expenses	77,523	39,507	6,113	66,317	4,172	34,799
Depreciation, depletion, and amortization	4,476	252	1,572	15,414	18	6,397
Program revenue						
Charges for services	61,357	40,854	12,293	54,720	4,602	53,778
Operating grants and contributions				802		36
Capital grants and contributions				9,022		2,942
Net program (expense) revenue	(20,642)	1,095	4,608	(17,187)	412	15,560
Interest and investment earnings	28,954	1,830	2,514	5,125	25	914
Miscellaneous		(2,333)		17,676		(8)
Payments from primary government				9,180		
Change in net assets	8,312	592	7,122	14,794	437	16,466
Beginning net assets	253,299	65,055	65,287	241,687	1,589	222,460
Ending net assets	261,611	65,647	72,409	256,481	2,026	238,926

	RIHEBC	RIRRC	RIHEAA	RIPTA	RIIFC
Other assets	$ 11,994	$ 101,728	$ 27,892	$ 11,683	$ 1,196
Capital assets - nondepreciable		8,078	194	2,879	
Capital assets - depreciable (net)	88	68,287	1,184	86,936	
Due from primary government				2,323	
Long term debt		19,612	350		
Other liabilities	130	77,507	4,608	10,193	829
Due to primary government				8,283	
Net assets:					
Invested in capital assets, net of related debt	88	81,068	1,377	89,815	
Restricted					
Debt service		1,707			
Other			17,972		
Other nonexpendable					
Unrestricted	11,864	(1,801)	4,963	(4,470)	367
Operating expenses	1,189	47,655	23,617	73,144	(31)
Depreciation, depletion, and amortization	31	10,653	251	9,937	
Program revenue					
Charges for services	1,800	65,048	15,455	27,664	137
Operating grants and contributions				12,609	
Capital grants and contributions				6,242	
Net program (expense) revenue	580	6,740	(8,413)	(36,566)	168
Interest and investment earnings	169	3,472	610	66	11
Miscellaneous		(6,011)	(2,681)	3,133	(250)
Payments from primary government			9,957	30,219	
Change in net assets	749	4,201	(527)	(3,148)	(71)
Beginning net assets	11,203	76,773	24,839	88,493	438
Ending net assets	11,952	80,974	24,312	85,345	367

	RICWFA	RIIRBA	RIWRBC	RIPTCA	RICCHE
Other assets	$ 827,848	$ 4,222	$ 13,198	$ 1,336	$ 9,599
Capital assets - nondepreciable		181		821	
Capital assets - depreciable (net)	50	396	4	5,156	51
Due from primary government					
Long term debt	525,161	3,000	14,232	2,979	
Other liabilities	10,975	60	904	1,513	3,566
Due to primary government					
Net assets:					
Invested in capital assets, net of related debt	50	577		2,480	51
Restricted					
Debt service	279,998				
Other			(2,301)		616
Other nonexpendable					
Unrestricted	11,714	1,162	367	341	5,417
Operating expenses	23,331	403	622	3,553	9,428
Depreciation, depletion, and amortization	272	36	107	736	32
Program revenue					
Charges for services	27,098	256	1,463	2,240	5,766
Operating grants and contributions	23,985		(1,225)		
Capital grants and contributions					
Net program (expense) revenue	27,480	(183)	(491)	(2,049)	(3,694)
Interest and investment earnings		74	169	67	
Miscellaneous				217	95
Payments from primary government				3,189	1,565
Change in net assets	27,480	(109)	(322)	1,424	(2,034)
Beginning net assets	264,282	1,848	(1,612)	1,397	8,118
Ending net assets	291,762	1,739	(1,934)	2,821	6,084

	URI	RIC	CCRI	CFSD	Totals
Other assets	$ 248,519	$ 36,691	$ 14,143	$ 5,981	$ 4,448,169
Capital assets - nondepreciable	15,700	8,833	12,362		419,625
Capital assets - depreciable (net)	248,390	48,927	37,140	3,801	1,010,216
Due from primary government					2,323
Long term debt	200,398	20,105	11,044	2,197	3,610,040
Other liabilities	55,694	17,058	6,769	5,723	481,682
Due to primary government			1,049		27,639
Net assets:					
Invested in capital assets, net of related debt	147,543	42,960	43,827	3,272	795,530
Restricted					
Debt service					518,231
Other	34,669	7,596	5,508	135	155,203
Other nonexpendable	58,142	8,536			66,678
Unrestricted	16,163	(1,804)	(4,552)	(1,545)	225,330
Operating expenses	334,165	102,735	86,746	48,548	983,536
Depreciation, depletion, and amortization	15,515	4,931	2,394	210	73,234
Program revenue					
Charges for services	248,514	59,112	44,034	10,197	736,388
Operating grants and contributions		1,704	1,185		39,096
Capital grants and contributions	9,415	3,194	7,424		38,239
Net program (expense) revenue	(91,751)	(43,656)	(36,497)	(38,561)	(243,047)
Interest and investment earnings	1,632	1,283	176	17	47,108
Miscellaneous	18,105	1,016	112	153	29,224
Payments from primary government	81,841	43,892	41,816	37,804	259,463
Change in net assets	9,827	2,535	5,607	(587)	92,748
Beginning net assets	246,690	54,753	39,176	2,449	1,668,224
Ending net assets	256,517	57,288	44,783	1,862	1,760,972

Significant transactions between primary government and component units

	Revenue (Expenses)	Description
Governmental activities		
General Fund		
R.I. Higher Education Assistance Authority	$ (9,957)	Operating assistance
R.I. Economic Development Corporation	(8,762)	Operating assistance
RI Student Loan Authority	5,000	Surplus
University of Rhode Island	(72,492)	Educational assistance
Rhode Island College	(43,892)	Educational assistance
Community College of Rhode Island	(36,349)	Educational assistance
Central Falls School District	(37,804)	Educational assistance
ISTEA Fund		
R.I. Public Transit Authority	(30,219)	Operating assistance
Capital Projects		
University of Rhode Island	(9,349)	Construction, improvement or purchase of assets
Community College of Rhode Island	(5,467)	Construction, improvement or purchase of assets
Total Governmental Activities	$ (249,291)	

Note 19. Risk Management

The State is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; employee injury; and natural disasters.

The State has entered into agreements with commercial insurance companies for comprehensive insurance coverage on State property to protect the State against loss from fire and other risks. Furthermore, the State is required by the General Laws to provide insurance coverage on all motor vehicles owned by the State and operated by State employees in the sum of $100,000 per person and $300,000 per accident for personal injury and $20,000 for property damage.

The State also has a contract with an insurance company to provide health care benefits to employees. The State reimburses the company for the costs of all claims paid plus administrative fees. The estimated liability for incurred but not reported (IBNR) claims of $15,161,000 at June 30, 2005 was calculated by a human resources consulting firm based on historical claims data. The change in claims liability (expressed in thousands) is as follows:

	Liability at July 1	Current Year Claims and IBNR Estimate	Claim Payments	Liability at June 30
Health Insurance Fund				
Liability for unpaid claims	$	$ 97,521	$ 81,754	$ 15,767

The State is self-insured for risks of loss related to torts. Tort claims are defended by the State's Attorney General and, when necessary, appropriations are provided to pay claims.

The State is self-insured for various risks of loss related to work related injuries of State employees. The State maintains the Assessed Fringe Benefits Fund, an internal service fund

that services, among other things, workers' compensation claims. Funding is provided through a fringe benefit rate applied to State payrolls on a pay-as-you-go basis.

Note 20. Special Items

Primary Government

In April 2005, The Rhode Island Convention Center Authority (RICCA) sold the land and building known as the Westin Hotel to a private third party for the sale price of $95,500,000. As a result of the sale RICCA realized a gain in the amount of $11,947,952, which consists of a loss on defeasance of bonds ($16,205,277), income from discontinued operations $4,531,953, and a gain on disposal of discontinued operations $23,621,276.

Note 21. Related Party Transactions

The R.I. Industrial-Recreational Building Authority is authorized to insure mortgages and first security agreements for companies conducting business in the State, granted by financial institutions and the R.I. Industrial Facilities Corporation.

The State entered into a lease and operating agreement (the agreement) with the R.I. Airport Corporation (RIAC) a subsidiary of the R.I. Economic Development Corporation whereby the State has agreed to lease various assets to RIAC. The agreement requires RIAC to reimburse the State for principal and interest payments for certain airport related General Obligation Bonds. The term of the agreement is 30 years beginning July 1, 1993, with annual rent of $1.00.

The Rhode Island Student Loan Authority (RISLA) and the Rhode Island Higher Education Assistance Authority (RIHEAA), component units of the State, are related parties. RISLA is a public instrumentality created to provide a statewide student loan program through the acquisition and origination of student loans. RIHEAA is a public instrumentality created for the dual purpose of guaranteeing loans to students in eligible institutions and administrating other programs of post-secondary student financial assistance assigned by law.

Transactions between RISLA and RIHEAA as of and during the year ended June 30, 2005 were as follows:

Guaranteed loans outstanding at June 30, 2005	$469,117,000
Loans guaranteed during the year	199,680,000
Guarantee claims paid during the year	10,686,000

The Rhode Island Housing and Mortgage Finance Corporation (Corporation) and the State have entered into a contractual relationship whereby the Corporation assumed the responsibility for the State Rental Subsidy Program for the period July 1, 1994 through June 30, 1997. In addition, the Corporation made $3,800,000 in advances on behalf of the

State for this program in the fiscal year ended June 30, 1994. As provided in the contractual arrangement, the State agreed to repay the $3,800,000, subject to appropriations, in installments of $950,000 over a four year period beginning in the year ended June 30, 1996, but to date no payments have been received, nor have any payments for advances totaling $31,940,146 made during the years ended June 30, 1998 through 2005 been received.

Note 22. Subsequent Events

Primary Government – Governmental Activities

In July 2005, the General Assembly abolished the State Lottery Commission that oversaw the operations of the State Lottery, a blended component unit, and established the State Lottery as a division of the Department of Administration.

Subsequent to June 30, 2005 the Director of State Lotteries entered into long-term contracts with the owners of the State's two licensed video lottery retailers. These master contracts allow for the addition of 2,550 video lottery terminals between the two facilities, provided that the facilities invest $150.0 million in structural and operational upgrades and expansions within the next three years. These master contracts freeze the share of video lottery NTI that is allocated to each facility at a fixed percent.

In November 2005, the state issued $93,385,000 of general obligation bonds with interest rates ranging from 3.00% to 5.00% with maturity dates of November 2006 through November 2025.

In July 2005, the Rhode Island House and Senate gave the RI Convention Center Authority (RICCA) approval to issue bonds to finance the acquisition of the Dunkin' Donuts Center. The legislation authorizes RICCA to issue up to $92,500,000 in revenue bonds to finance the acquisition from the City of Providence of the real property and improvements constituting the Dunkin' Donuts Center, the renovation, equipping, improvement and redevelopment of the facility, and the costs of issuing and insuring the bonds.

In December 2005, RICCA issued $33,000,000 in revenue bonds to finance the above acquisition.

In August 2005, RICCA issued 2005 Series A Revenue Refunding Bonds in an aggregate principal amount of $34,610,000 for the purpose of refunding $35,395,000 of RICCA's outstanding 1993 Series C Refunding Revenue Bonds and to pay the cost of issuance. The 2005 Series A Bonds will mature between 2006 and 2023 and bear interest at 3.5% to 5%. This advance refunding meets the qualifications of in-substance defeasance due to the fact, that among other things, RICCA purchased U.S. Treasury Securities and the refunding results in a net present value savings of $1,597,800.

In October 2005, Standard and Poor's Rating Service raised the underlying rating for general obligation bonds of the State from AA- to AA.

In November 2005, Employees' Retirement System obtained title to commercial real estate located in Providence, Rhode Island as a result of bankruptcy foreclosure proceedings in the U.S. Bankruptcy Court. The Employees' Retirement System held a first lien on the commercial real estate owned by an obligor of a mortgage loan receivable held as a plan specific investment. The mortgage loan receivable is guaranteed by the Rhode Island Economic Development Corporation (RIEDC) to the extent of $3 million. The Employees' Retirement System has requested payment of a guarantee by RIEDC. In January 2006, the Employees' Retirement System leased the premises to a corporation pursuant to a 3-year operating lease.

The Rhode Island Economic Development Corporation (RIEDC) plans to issue, in March 2006, $184,620,000 of Grant Anticipation Revenue Bonds which are payable solely from future federal aid revenues to be received by the State in reimbursement of federally eligible costs of specific transportation construction projects. These bonds have interest rates between 4.000% and 5.000% and mature June 2007 through June 2018.

The RIEDC plans to issue, in March 2006, $42,815,000 of Rhode Island Motor Fuel Tax Revenue Bonds which are payable solely from certain pledged revenues derived from two cents ($.02) per gallon of the thirty cents ($.30) per gallon Motor Fuel Tax. These bonds have interest rates between 3.500% and 5.000% and mature June 2007 through June 2026.

Component Units

Subsequent to June 2005, The Rhode Island Housing and Mortgage Finance Corporation instructed its trustee to redeem the Homeownership Opportunity Bonds in the amount of $46,735,000.

Subsequent to June 2005 the Narragansett Bay Commission (NBC) issued $45,000,000 in Wastewater System Revenue Bonds 2005 Series A. The 30-year revenue bond is structured as interest only for the first 20 years with principal payments commencing in 2026. The bonds will be used to finance NBC's construction in progress.

Subsequent to June 2005 the Rhode Island Resource Recovery Corporation (RIRRC) entered into a sales agreement to sell its existing Plainfield Pike location. The sales agreement is contingent upon the purchaser obtaining all the necessary permits for his intended use of the property.

In July 2005, RIRRC acquired land adjacent to its existing Shun Pike location for a purchase price of $4,000,000. RIRRC issued $2,500,000 of promissory notes in conjunction with the land acquisition.

Subsequent to June 30, 2005, the R.I. Health and Educational Building Corporation, the R.I. Economic Development Corporation and the R.I. Industrial Facilities Corporation have

issued various conduit debt obligations, which are not obligations of the respective corporations or the State.

Subsequent to June 30, 2005, the R.I. Health and Educational Building Corporation issued

- $13,840,000 in URI Dining Facility Bonds 2005 Series C. The 2005 Series C Bonds will mature between 2007 and 2036 and bear interest at 3% to 4.625%.
- $19,625,000 in Auxiliary Enterprise Refunding Bonds 2005 Series D (URI). The 2005 Series D Bonds will mature between 2008 and 2030 and bear interest at 3.5% to 4.5%.
- $3,530,000 in Auxiliary Enterprise Refunding Bonds 2005 Series E (RIC). The 2005 Series E Bonds will mature between 2007 and 2031 and bear interest at 3.5% to 4.5%.
- $3,245,000 in Tyler Hall Renovations Bonds 2005 Series F (URI). The 2005 Series F Bonds will mature between 2007 and 2026 and bear interest at 3.25% to 4.5%.
- $44,805,000 in Education and General Refunding Bonds 2005 Series G (URI). The 2005 Series G Bonds will mature between 2008 and 2031 and bear interest at 4% to 5%.

Subsequent to June 30, 2005, the R. I. Housing and Mortgage Finance Corporation issued

- $43,135,000 in Homeownership Opportunity Bonds Series 50-A. The 2005 Series 50-A Bonds will mature between 2006 and 2035 and bear interest at 2.6% to 4.65%.
- $38,365,000 in Homeownership Opportunity Bonds Series 50-B. The 2005 Series 50-B Bonds will mature in 2036 and bear interest rate of 4.6%.
- $32,570,000 in Homeownership Opportunity Note Series 50-C. The 2005 Series 50-C Notes will mature in 2008 and bear interest rate of 4.0%.
- $47,165,000 in Homeownership Opportunity Bonds Series 51-A. The 2005 Series 51-A Bonds will mature between 2007 and 2033 and bear interest at 3.2% to 4.85%.
- $7,605,000 in Homeownership Opportunity Bonds Series 51-B. The 2005 Series 51-B Bonds mature between 2036 and 2037 and bear interest at 4.875% to 5.0%.
- $3,765,000 in Homeownership Opportunity Note Series 51-C. The 2005 Series 51-C Notes will mature in 2009 and bear interest rate of 4.5%.
- $27,120,000 in Homeownership Opportunity Note Series 51-D. The 2005 Series 51-D Notes will mature in 2009 and bear interest rate of 4.5%.
- $21,180,000 in Housing Bonds Series A-1A. The 2005 Series A-1A Bonds will mature between 2007 and 2036 and bear interest at 3.1% to 4.875%.
- $5,235,000 in Housing Bonds Series A-1B. The 2005 Series A-1B Bonds will mature between 2013 and 2036 and bear interest at 4.9% to 5%.
- $7,845,000 in Housing Bonds Series A-2T. The 2005 Series A-2T Bonds will mature between 2016 and 2036 and bear interest at 5.14% to 5.76%.

Subsequent to June 2005 the Rhode Island Clean Water Financing Agency (RICWFA) granted Narragansett Bay Commission (NBC), another component unit, a $30,000,000 Leveraged Loan. NBC will repay the loan over 20 years at interest rates of 1.110% to 1.565%.

Subsequent to June 2005 a borrower defaulted on loan issued by the R. I. Industrial Facilities Corporation and secured by mortgage insurance issued by the R.I. Industrial-Recreational Building Authority (RIIRBA), another component unit. RIIRBA paid $3,000,000 plus interest to settle the default.

REQUIRED SUPPLEMENTARY INFORMATION

State of Rhode Island and Providence Plantations
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2005
(Expressed in Thousands)

	Original Budget	Final Budget	Actual	Variance
Revenues:				
General Revenues:				
Personal Income Tax	$ 926,275	$ 980,600	$ 979,082	$ (1,518)
General Business Taxes:				
Business Corporations	91,331	112,000	116,026	4,026
Franchise				
Public Utilities Gross Earnings	86,500	89,000	86,358	(2,642)
Financial Institutions	(3,000)	(1,100)	(1,480)	(380)
Insurance Companies	41,000	51,700	53,333	1,633
Bank Deposits	1,010	1,600	1,524	(76)
Health Care Provider Assessment	43,800	48,000	46,827	(1,173)
Sales and Use Taxes:				
Sales and Use	858,600	849,100	847,727	(1,373)
Motor Vehicle	47,100	46,500	47,137	637
Motor Fuel	1,092	1,000	1,961	961
Cigarettes	143,800	136,700	136,342	(358)
Alcohol	10,500	11,000	10,537	(463)
Controlled Substances				
Other Taxes:				
Inheritance and Gift	25,000	31,700	32,981	1,281
Racing and Athletics	4,610	4,200	3,991	(209)
Realty Transfer Tax	11,000	14,500	14,423	(77)
Total Taxes	2,288,618	2,376,500	2,376,769	269
Departmental Revenue	303,475	294,686	267,953	(26,733)
Total Taxes and Departmental Revenue	2,592,093	2,671,186	2,644,722	(26,464)
Other Sources				
Gas Tax Transfer	9,560	9,400	9,023	(377)
Other Miscellaneous	19,173	26,950	28,197	1,247
Lottery	322,397	310,000	307,550	(2,450)
Unclaimed Property	11,150	15,797	15,618	(179)
Total Other Sources	362,280	362,147	360,388	(1,759)
Total General Revenues	2,954,373	3,033,333	3,005,110	(28,223)
Federal Revenues	1,646,382	1,719,761	1,655,563	(64,198)
Restricted Revenues	109,645	116,198	105,367	(10,831)
Other Revenues	114,754	104,786	95,180	(9,606)
Total Revenues	4,825,154	4,974,078	4,861,220	(112,858)
Expenditures:				
Department of Administration				
Central Management				
General Revenue Total	3,820	5,462	5,606	(144)
Federal Funds Total	281	324	256	68
Restricted Receipts		28	7	21
** Total-Central Management	4,101	5,814	5,869	(55)
Accounts & Control				
General Revenue	4,005	4,029	3,889	140
Total-Accounts & Control	4,005	4,029	3,889	140

State of Rhode Island and Providence Plantations
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2005
(Expressed in Thousands)

	Original Budget	Final Budget	Actual	Variance
Budgeting				
General Revenue Total	2,367	2,426	2,208	218
Total-Budgeting	2,367	2,426	2,208	218
Municipal Affairs				
General Revenue Total	1,188	1,025	1,008	17
Federal Funds Total	9,966	7,941	6,090	1,851
Total-Municipal Affairs	11,154	8,966	7,097	1,869
Purchasing				
General Revenue Total	2,016	2,037	1,907	130
Total-Purchasing	2,016	2,037	1,907	130
Auditing				
General Revenue Total	1,690	1,674	1,499	175
Total-Auditing	1,690	1,674	1,499	175
Human Resources				
Other Fund Total		8	9	(1)
General Revenue Total	6,900	6,372	6,210	162
Federal Funds Total		85	85	
Total-Human Resources	6,900	6,465	6,304	161
Personnel Appeal Board				
General Revenue Total	118	94	86	8
Total-Personnel Appeal Board	118	94	86	8
Taxation				
Motor Fuel Tax Evasion Program	56	56	30	26
Temporary Disability Insurance	757	736	704	32
General Revenue Total	18,184	17,780	17,038	742
Federal Funds Total	1,027	999	959	40
Restricted Receipts Total	1,109	1,071	726	345
Total-Taxation	21,134	20,642	19,456	1,186
Registry of Motor Vehicles				
General Revenue Total	15,354	16,367	16,506	(139)
Federal Funds Total	29	690	257	433
Restricted Receipts Total	14	14	15	(1)
Total-Registry of Motor Vehicles	15,397	17,070	16,778	292
Child Support				
General Revenue Total	3,309	3,300	3,300	
Federal Funds Total	6,656	6,589	6,410	179
Total-Child Support	9,965	9,889	9,710	179

State of Rhode Island and Providence Plantations
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2005
(Expressed in Thousands)

	Original Budget	Final Budget	Actual	Variance
Central Services				
General Revenue Totals	11,622	12,453	13,037	(584)
Energy Office Grants	663	900	980	(80)
Renewable Energy Program	2,150	3,000	2,063	937
Federal Funds Totals	18,069	17,508	16,301	1,207
Restricted Receipts Total	777	899	569	330
Total-Central Services	33,281	34,759	32,950	1,809
Office of Library & Information Service				
Federal Highway-PL Systems Planning	997	1,019	868	151
Air Quality Modeling	17	17	16	1
General Revenue Total	4,746	4,874	4,288	586
Federal Funds Total	1,288	2,320	1,393	927
Restricted Receipts Total	5	8	1	7
Total-Office of Library & Information Service	7,054	8,238	6,565	1,673
General				
RICAP-State House Terrace/South Stairs	583	333	311	22
RICAP-Pastore Center Sewer Improvements	1,750	1,900	993	907
RICAP-Chapin Health Laboratory	263	83	51	32
RICAP-Cranston Street Armory	946	946	468	478
RICAP-Cannon Building	101	101	92	9
RICAP-Old State House	400	25		25
RICAP-State Office Building	215	215	276	(61)
RICAP-Veterans Office Building	294	294	240	54
RICAP- State Information Operations Center	43	15	22	(7)
RICAP-Old Colony House	134	74	20	54
RICAP-Washington County Government Center	251	251	36	215
RICAP-State House Security	33	6	6	
RICAP-State House Renovations - Phase II	539	339	286	53
RICAP-William Powers Building	213	163	120	43
RICAP-State House Renovations-Phase III	290	445	292	153
RICAP-Powers Building Tech Infrastruture	222	222	184	38
RICAP-Board of Elections Building	28	28	50	(22)
RICAP-Environmental Compliance	713	463	282	181
RICAP-Fox Point Hurricane Barrier	50	50	50	
RICAP-Bio Tech Training Lab-Planning Funds	200	200		200
RICAP-Fire Code Compliance State Building	250	50		50
Information Processing Rotary Account-Overhead	680	680	680	
Property Tax Relief Credit	6,000	6,000	6,000	
Rhode Island Sports Foundation	550	550	550	
Shepard Building Operating/Parking	1,970	2,076	2,162	(86)
Miscellaneous Grants and Payments	1,028	1,083	1,083	
Torts-Court Awards	400	400	614	(214)
Asset Inventory	150	150	51	99
Race and Police Community Relations Commission		78	83	(5)
State Employees/Teachers Retiree Health	5,644	6,442	5,748	694
Masonic Temple	500	500	500	
Contingency Fund	648	648	468	180
Economic Development Corporation Grant	6,833	6,833	6,817	16
Office of City and Town Development-EDC	375	375	375	

State of Rhode Island and Providence Plantations
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2005
(Expressed in Thousands)

	Original Budget	Final Budget	Actual	Variance
Centers of Excellence	3,000	3,000	3,000	
Economic Policy Council	300	300	336	(36)
Housing Resources Commission	3,383	3,522	3,360	162
Neighborhood Opportunities Program	5,000	5,000	4,903	97
Motor Vehicle Excise Tax Payment	104,987	104,987	104,845	142
Property Valuation	861	861	648	213
General Revenue Sharing Program	52,439	52,439	52,439	
Payment in Lieu of Tax Exempt Properties	22,716	22,716	22,716	
Distressed Communities Relief Program	8,533	9,533	9,533	
Resource Sharing and State Library Aid	8,092	8,085	8,069	16
Library Construction Aid	2,621	2,541	2,492	49
EPScore-EDC	1,500			
Federal Funds		402	(17)	419
Restricted Receipts Total	1,126	1,126	1,081	45
Total-General	246,856	246,530	242,314	4,216
Debt Service Payments				
RICAP-DEM-Narragansett Bay Commission	373	373	373	
RICAP-DEM-Wastewater Treatment	4,731	4,685	4,685	
RICAP-DEM-Debt Service-Recreation	6,167	6,033	6,033	
RIPTA Debt Service	623	583	583	
RICAP-MHRH Com Services	5,413	5,306	5,306	
RICAP-MHRH Comm. Mental Health	2,087	2,375	2,375	
Transportation Debt Service	34,570	33,045	33,041	4
RIRBA-DLT Temporary Disability Insurance	46	46	62	(16)
COPS-DLT Building-TDI	361	363	355	8
Cops-DLT Building-Reed Act	30	37	27	10
COPS-Center General-Furniture-TDI	19	18	18	
COPS-Center General-Furniture-Reed Act	6	7	5	2
COPS-Center General-Furniture-Reed Act	1	2	1	1
COPS-Pastore Center Telecomm-TDI	17	17	16	1
Debt-URI Education and General	1,089	1,089	3,597	(2,508)
Debt-URI Housing Loan Funds	1,752	1,752	2,505	(753)
Debt-URI Dining Services	267	267	241	26
Debt-URI Health Services	126	126	114	12
Debt-W. Alton Jones Service	113	113	101	12
Debt-URI Memorial Union	98	98	89	9
Debt-URI Sponsored Research (Indirect Cost)	101	101	100	1
Debt-RIC Education and General	297	297	292	5
Debt-RIC Housing	568	568	522	46
Debt-RIC Student Center and Dining	178	178	158	20
Debt-RIC Student Union	217	217	275	(58)
Debt-CCRI Bookstore	177	177	176	1
Debt Service Special Account			104	(104)
Debt Service Payments	89,725	85,118	85,120	(2)
Federal Funds	1,286	1,355	1,209	146
Restricted Receipts Fund	7,787	6,551	5,887	664
Total-Debt Service Payments	158,227	150,898	153,370	(2,472)

State of Rhode Island and Providence Plantations
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2005
(Expressed in Thousands)

	Original Budget	Final Budget	Actual	Variance
Sheriffs				
General Revenue Total	13,428	13,598	13,786	(188)
Total Sheriffs	13,428	13,598	13,786	(188)
Pay Plan Reserve General Revenue		7,138		7,138
General Revenue Fund Total-Dept Of Admin	419,495	426,446	416,002	10,444
Federal Grant Fund Total-Dept of Admin	38,602	38,214	32,942	5,272
Restricted Fund Total-Dept of Admin	10,818	9,697	8,286	1,411
Other Fund Total-Dept of Admin	68,776	65,913	66,558	(645)
Total-Department of Administration	537,690	540,270	523,788	16,482
Department of Business Regulation				
Central Management				
General Revenue Total	1,686	1,710	1,743	(33)
Total-Central Management	1,686	1,710	1,743	(33)
Banking Regulation				
General Revenue Total	1,687	1,676	1,659	17
Total-Banking Regulation	1,687	1,676	1,659	17
Security Regulation				
General Revenue Total	806	790	775	15
Total-Securities Regulation	806	790	775	15
Commercial Licensing and Regulation				
General Revenue Total	1,207	1,226	1,219	7
Restricted Revenue Total	100	100	16	84
Total-Commercial Licensing and Regulation	1,307	1,326	1,235	91
Racing and Athletics				
General Revenue Total	546	474	477	(3)
Total-Racing and Athletics	546	474	477	(3)
Insurance Regulation				
General Revenue Total	3,985	3,501	3,272	229
Restricted Receipts Total	530	684	460	224
Total-Insurance Regulation	4,515	4,186	3,732	454
Board of Accountancy				
General Revenue Total	135	138	133	5
Total-Board of Accountancy	135	138	133	5
General Revenue Fund Total-DBR	10,053	9,515	9,278	237
Restricted Fund Total-DBR	630	784	476	308
Total-Department of Business Regulation	10,683	10,300	9,755	545

State of Rhode Island and Providence Plantations
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2005
(Expressed in Thousands)

	Original Budget	Final Budget	Actual	Variance
Department of Labor and Training				
Central Management				
General Revenue Total	272	374	275	99
Director of Workers' Compensation	446	686	523	163
Total-Central Management	719	1,060	799	261
Workforce Development Services				
Reed Act-Woonsocket Network Office Renovations	150	314	36	278
Reed Act-Rapid Job Developement	1,650	1,651	1,336	315
Reed Act-Workforce Development	5,998	4,780	2,456	2,324
Federal Funds Total	14,674	17,670	15,171	2,499
Restricted Receipts	12,961	11,164	10,352	812
Total-Workforce Development Services	35,433	35,580	29,351	6,229
Workforce Regulation and Safety				
General Revenue Total	3,399	3,340	3,334	6
Total-Workforce Regulation and Safety	3,399	3,340	3,334	6
Income Support				
General Revenue Total	2,908	3,049	3,153	(104)
Federal Funds Total	14,061	14,476	16,656	(2,180)
Restricted Receipt Total	1,378	1,349	1,364	(15)
Total-Income Support	18,348	18,874	21,173	(2,299)
Injured Workers Services				
Restricted Receipts Total	11,232	11,680	10,083	1,597
Total-Injured Workers Services	11,232	11,680	10,083	1,597
Labor Relations Board				
General Revenue Total	342	319	334	(15)
Total-Labor Relations Board	342	319	334	(15)
General Revenue Fund Total-DLT	6,921	7,082	7,096	(14)
Federal Grants Fund Total-DLT	28,735	32,146	31,826	320
Restricted Fund Total-DLT	26,017	24,879	22,323	2,556
Other Fund Total-DLT	7,799	6,746	3,828	2,918
Total-Department of Labor and Training	69,472	70,853	65,074	5,779
General Assembly				
General Revenue Fund Total	31,444	29,385	26,933	2,452
Restricted Receipts Fund Total	1,099	1,099	1,099	
Legislative Office Building	1,500			
General Revenue Fund Total-Gen Assembly	31,444	29,385	26,933	2,452
Restricted Fund Total-Gen Assembly	1,099	1,099	1,099	
Other Fund Total-Gen Assembly	1,500			
Total-General Assembly	34,044	30,483	28,032	2,451

State of Rhode Island and Providence Plantations
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2005
(Expressed in Thousands)

	Original Budget	Final Budget	Actual	Variance
Office of the Lieutenant Governor				
Lt. Governor's Office-General				
General Revenue Total	865	867	848	19
General Revenue Fund Total-Office of Lieutenant Governor	865	867	848	19
Total-Office of the Lieutenant Governor	865	867	848	19
Department of State				
Administration				
General Revenue Total	1,505	1,534	1,612	(78)
Total-Administration	1,505	1,534	1,612	(78)
Corporations				
General Revenue Total	1,500	1,504	1,563	(59)
RI e-Gov Fund-UCC Automated System	72	84	55	29
Total-Corporation	1,572	1,588	1,618	(30)
State Archives				
General Revenue Total	97	94	94	
Restricted Receipts total	523	481	391	90
Total-State Archives	621	575	485	90
Elections				
General Revenue Total	743	786	807	(21)
Federal Funds Total	2,635	2,934	2,913	21
Total-Elections	3,378	3,720	3,721	(1)
State Library				
General Revenue Total	727	710	712	(2)
Total-State Library	727	710	712	(2)
Office of Public Information				
General Revenue Total	427	412	444	(32)
Total-Office of Public Information	427	412	444	(32)
General Revenue Fund Total-Sec of State	5,072	5,124	5,289	(165)
Federal Grant Fund Total-Sec of State	2,635	2,934	2,913	21
Restricted Fund Total-Sec of State	523	481	391	90
Total-Department of State	8,230	8,539	8,593	(54)
Treasury Department				
Treasury				
General Revenue Total	2,513	2,511	2,398	113
Federal Funds Total	261	259	237	22
Restricted Receipts Total	10	10		10
Total-Treasury	2,783	2,780	2,635	145

State of Rhode Island and Providence Plantations
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2005
(Expressed in Thousands)

	Original Budget	Final Budget	Actual	Variance
State Retirement System				
Administrative Expenses-State Retirement System	6,759	6,809	4,763	2,046
Retirement-Treasury Investment Operations	686	685	994	(309)
Total-State Retiremement System	7,445	7,494	5,757	1,737
Unclaimed Property				
Restricted Receipts Total	19,561	25,304	25,202	102
Total-Unclaimed Property	19,561	25,304	25,202	102
RI Refunding Bond Authority				
General Revenue Total	72	52	32	20
Total-RI Refunding Bond Authority	72	52	32	20
Crime Victim Compensation Program				
General Revenue Total	3,228	752	737	15
Federal Funds Total	4,111	1,931	1,477	454
Restricted Receipts Total	2,801	2,070	293	1,777
Total-Crime Victim Compensation Program	10,140	4,753	2,506	2,247
General Revenue Fund Total-Treasury	5,813	3,316	3,166	150
Federal Grant Fund Total-Treasury	4,372	2,190	1,714	476
Restricted Fund Total-Treasury	22,372	27,384	25,494	1,890
Other Fund Total-Treasury	7,445	7,494	5,757	1,737
Total-Treasury Department	40,001	40,384	36,131	4,253
Boards for Design Professionals-PL				
Boards For Professional Design				
General Revenue Total	414	422	379	43
General Revenue Fund Total-Board of Professional Design	414	422	379	43
Total-Boards For Professional Designs-PL	414	422	379	43
Board of Elections				
General Revenue Total	1,608	1,567	1,502	65
Federal Funds Total	1,002	1,342	1,067	275
General Revenue Fund Total-Board of Elections	1,608	1,567	1,502	65
Federal Grant Fund Total-Board of Elections	1,002	1,342	1,067	275
Total-Board Of Elections	2,610	2,909	2,569	340
Rhode Island Ethics Commission				
General Revenue Total	1,170	1,138	969	169
General Revenue Fund Total-RI Ethics Commision	1,170	1,138	969	169
Total-Rhode Island Ethics Commission	1,170	1,138	969	169

State of Rhode Island and Providence Plantations
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2005
(Expressed in Thousands)

	Original Budget	Final Budget	Actual	Variance
Office of Governor				
General Revenue Total	4,390	4,440	4,363	77
General Revenue Fund Total-Office of the Governor	4,390	4,440	4,363	77
Total-Office of the Governor	4,390	4,440	4,363	77
Public Utilities Commission				
General Revenue Total	820	678	628	50
Federal Funds Total	73	72	56	16
Restricted Receipts Total	5,338	5,376	4,133	1,243
General Revenue Fund Total-PUC	820	678	628	50
Federal Grant Fund Total-PUC	73	72	56	16
Restricted Fund Total-PUC	5,338	5,376	4,133	1,243
Total-Public Utilities Commission	6,232	6,126	4,818	1,308
Rhode Island Commission on Women				
General Revenue Total	84	85	84	1
General Revenue Fund Total-RI Commision on Women	84	85	84	1
Total-Rhode Island Commission on Women	84	85	84	1
Department of Children, Youth, and Families				
Central Management				
General Revenue Total	7,814	7,671	8,238	(567)
Federal Funds Total	3,780	3,738	3,359	379
Total-Central Management	11,594	11,409	11,597	(188)
Children's Behavioral Health Services				
RICAP-Spurwink/RI	23	1	1	
General Revenue Total	21,867	28,690	27,374	1,316
Federal Funds Total	24,103	35,612	33,343	2,269
Total-Children's Behavioral Health Services	45,993	64,303	60,717	3,586
Juvenile Correctional Services				
RICAP-RI Training School-Girls Facilities		900		900
RICAP-NAFI Center	52			
General Revenue Total	28,554	28,870	28,420	450
Federal Funds Total	2,760	2,843	3,017	(174)
Restricted Receipts Total	7	611	44	567
Total-Juvenile Correctional Services	31,372	33,224	31,481	1,743
Child Welfare				
General Revenue Total	85,254	89,904	91,133	(1,229)
Federal Funds Total	64,612	66,761	66,620	141
Restricted Receipts Total	1,512	1,609	1,365	244
Total-Child Welfare	151,378	158,273	159,119	(846)

State of Rhode Island and Providence Plantations
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2005
(Expressed in Thousands)

	Original Budget	Final Budget	Actual	Variance
Higher Education Incentive Grant				
General Revenue Total	200	200	200	
Total-Higher Education Incentive Grants	200	200	200	
General Revenue Fund Total-DCYF	143,688	155,336	155,365	(29)
Federal Grant Fund Total-DCYF	95,254	108,954	106,339	2,615
Restricted Fund Total-DCYF	1,519	2,220	1,410	810
Other Fund Total-DCYF	75	901	1	900
Total-Department of Children, Youth, and Families	240,536	267,410	263,114	4,296
Department of Elderly Affairs				
Intermodel Surface Transportation Fund	4,780	4,700	4,607	93
General Revenues Total	15,243	12,462	14,916	(2,454)
Safety and Care of the Elderly	1	1	1	
RIPAE	14,771	11,791	10,744	1,047
Federal Funds Total	12,396	13,916	11,769	2,147
General Revenue Fund Total-Dept of Elderly Affairs	30,014	24,254	25,660	(1,406)
Federal Grant Fund Total-Dept of Elderly Affairs	12,396	13,916	11,769	2,147
Other Fund Totals-Dept of Elderly Affairs	4,780	4,700	4,607	93
Total-Department of Elderly Affairs	47,190	42,870	42,037	833
Department of Health				
Central Management				
General Revenues Total	4,676	4,475	4,693	(218)
Federal Funds Total	5,210	4,453	4,074	379
Restricted Receipts Total	2,925	3,821	3,612	209
Total-Central Management	12,811	12,750	12,379	371
State Medical Examiner				
General Revenue Total	1,827	1,859	1,828	31
Federal Funds Total	157	138	140	(2)
Total-State Medical Examiners	1,983	1,997	1,969	28
Family Health				
General Revenues Total	2,831	2,843	2,898	(55)
Federal Funds Total	32,002	30,799	29,491	1,308
Restricted Receipts Total	5,723	5,689	4,311	1,378
Total-Family Health	40,556	39,331	36,700	2,631
Health Services Regulation				
General Revenues Total	4,618	4,462	4,235	227
Federal Funds Total	5,003	5,972	5,010	962
Restricted Receipts Total	382	358	294	64
Total-Health Services Regulation	10,004	10,792	9,539	1,253

State of Rhode Island and Providence Plantations
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2005
(Expressed in Thousands)

	Original Budget	Final Budget	Actual	Variance
Environmental Health				
General Revenue Total	4,430	4,370	4,395	(25)
Federal Funds Total	4,070	5,338	3,789	1,549
Restricted Receipts Total	1,439	1,670	1,475	195
Total-Environmental Health	9,939	11,377	9,659	1,718
Health Laboratories				
General Revenue Total	6,008	5,913	5,844	69
Federal Funds Total	2,294	2,485	2,586	(101)
Total-Health Laboratories	8,302	8,399	8,430	(31)
Disease Prevention and Control				
General Revenue Total	4,786	5,154	5,219	(65)
Smoking Cessation	835	835	748	87
Federal Funds Total	16,138	19,520	19,414	106
Restricted Receipts Total	1,049	1,142	838	304
Trauma Registry				
Child Safety Program	79	84	21	63
Walkable Communities Initiative	20	28	17	11
Total-Disease Prevention and Control	22,907	26,764	26,257	507
General Revenue Fund Total-Health	30,012	29,912	29,859	53
Federal Grant Fund Total-Health	64,874	68,704	64,504	4,200
Restricted Fund Total-Health	11,518	12,680	10,530	2,150
Other Fund Total-Health	99	113	38	75
Total-Department of Health	106,503	111,408	104,932	6,476
Department of Human Services				
Central Management				
General Revenue Total	6,693	6,434	5,952	482
Federal Funds Total	4,321	5,204	3,791	1,413
Restricted Receipts Total	2,450	2,444	2,399	45
Total-Central Management	13,464	14,082	12,142	1,940
Individual and Family Support				
RICAP-Blind Vending Facilities	187			
General Revenue Total	21,297	21,057	21,304	(247)
Federal Funds Total	53,649	53,778	49,019	4,759
Restricted Receipts Total	79	85	85	
Total-Individual and Family Support	75,212	74,920	70,407	4,513
Veterans' Affairs				
General Revenue Total	16,784	16,826	16,871	(45)
Federal Funds Total	6,088	6,208	4,889	1,319
Restricted Receipts Total	1,125	1,377	589	788
Total-Veterans' Affairs	23,997	24,411	22,349	2,062

State of Rhode Island and Providence Plantations
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2005
(Expressed in Thousands)

	Original Budget	Final Budget	Actual	Variance
Health Care Quality, Financing and Purchases				
General Revenue Total	28,156	27,600	19,031	8,569
Federal Funds Total	41,756	43,344	36,029	7,315
Restricted Receipts Total	521	512	461	51
Total-Health Care Quality, Financing & Purchase	70,432	71,455	55,521	15,934
Medical Benefits				
General Revenue				
Managed Care	174,410	170,245	167,827	2,418
Hospital	104,295	109,744	111,857	(2,113)
Other	103,983	118,373	120,065	(1,692)
Special Education	15,561	14,805		14,805
Nursing Facilities	136,614	131,685	130,336	1,349
General Revenue Total	534,863	544,851	530,085	14,766
Federal Funds				
Managed Care	215,107	215,802	210,440	5,362
Hospitals	127,537	129,656	132,388	(2,732)
Nursing Facilities	170,643	164,515	162,421	2,094
Other	130,135	147,891	153,350	(5,459)
Special Education	19,439	18,495	19,239	(744)
Federal Funds Total	662,861	676,360	677,839	(1,479)
Restricted Receipts Total	15	15	5	10
Total-Medical Benefits	1,197,739	1,221,226	1,207,929	13,297
Supplemental Security Income Program				
General Revenue Total	27,300	27,414	27,314	100
Total-Supplemental Security Income Program	27,300	27,414	27,314	100
Family Independence Program				
TANF/Families Independence Program	11,712	14,069	14,821	(752)
Child Care	57,350	56,047	56,126	(79)
Federal Funds Total	83,137	82,857	81,964	893
Total-Family Independence Program	152,198	152,973	152,912	61
State Funded Programs				
General Public Assistance	3,332	2,847	2,930	(83)
Citizen Participation Program	50	50	50	
Federal Funds Total	73,485	75,913	77,653	(1,740)
Total-State Funded Programs	76,867	78,809	80,633	(1,824)
General Revenue Fund Total-Human Services	707,536	717,195	694,485	22,710
Federal Grant Fund Total-Human Services	925,296	943,662	931,183	12,479
Restricted Fund Total-Human Services	4,190	4,433	3,539	894
Other Fund Total-Human Services	187			
Total-Department of Human Services	1,637,210	1,665,290	1,629,207	36,083

State of Rhode Island and Providence Plantations
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2005
(Expressed in Thousands)

	Original Budget	Final Budget	Actual	Variance
Department of Mental Health, Retardation, and Hospital				
Central Management				
General Revenue Total	2,244	2,128	2,090	38
Total-Central Management	2,244	2,128	2,090	38
Hospital & Community System Support				
RICAP-Utilities Upgrade	708	516	132	384
RICAP-Medical Center Rehabilitation	470	470	246	224
RICAP-Utilities Systems Water Tanks and Pipes	241	97	16	81
RICAP-Central Power Plant Rehabilitation	224	268	132	136
RICAP-Community Fire Code Compliance	365	90	45	45
General Revenue Total	22,209	24,816	26,229	(1,413)
Total-Hospital & Community System Support	24,218	26,258	26,800	(542)
Service for the Developmentally Disabled				
RICAP-MR/DD Residential Development	1,500	1,110	1,185	(75)
General Revenue Total	102,081	103,488	102,527	961
RICAP-DD State Owned Group Home	996	996	966	30
Federal Funds Total	126,971	125,889	126,002	(113)
Total-Service for the Developmentally Disabled	231,548	231,483	230,681	802
Integrated Mental Health Services				
General Revenue Total	39,474	40,990	40,341	649
Federal Funds Total	36,364	37,402	35,890	1,512
Total-Integrated Mental Health Services	75,838	78,392	76,230	2,162
Hospital & Community Rehabilitation Svcs				
RICAP-Zambarano Buildings and Utilities	239	239	22	217
General Revenue Total	45,746	46,072	44,533	1,539
Federal Funds Total	55,360	54,480	56,856	(2,376)
Total-Hospital & Community Rehabilitation Svcs	101,346	100,791	101,411	(620)
Substance Abuse				
RICAP-Asset Protection	104	104	54	50
General Revenues Total	14,567	14,852	14,618	234
Federal Funds Total	14,233	15,089	14,032	1,057
Restricted Receipts Total	75	100	50	50
Total-Substance Abuse	28,979	30,145	28,753	1,392
General Revenue Fund Total-MHRH	226,321	232,346	230,338	2,008
Federal Grant Fund Total-MHRH	232,928	232,861	232,779	82
Restricted Fund Total-MHRH	75	100	50	50
Other Fund Total-MHRH	4,848	3,891	2,798	1,093
Total-Department of Mental Health, Retardation, and Hospital	464,173	469,198	465,965	3,233

State of Rhode Island and Providence Plantations
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2005
(Expressed in Thousands)

	Original Budget	Final Budget	Actual	Variance
Office of Child Advocate				
General Revenue Total	501	398	340	58
Federal Funds Total	54	34	81	(47)
Restricted Receipts Total		1		1
General Revenue Fund Total-Office of Child Advocate	501	398	340	58
Federal Grant Fund Total-Office of Child Advocate	54	34	81	(47)
Restricted Fund Total-Office of Child Advocate		1		1
Total-Office of the Child Advocate	555	433	421	12
Rhode Island Commission of the Deaf and Hard of Hearing				
Commission On Deaf and Hard Of Hearing				
General Revenue Total	272	302	262	40
General Revenue Fund Total-RI Comm of the Deaf	272	302	262	40
Total-Rhode Island Commission of the Deaf and Hard of Hearing	272	302	262	40
State Council on Developmental Disabilities				
Federal Funds Total	571	510	599	(89)
Federal Grant Fund Total-State Comm on Dev Disab.	571	510	599	(89)
Total-State Council on Developmental Disabilities	571	510	599	(89)
Governor's Commission on Disabilities				
General Revenue Total	534	513	535	(22)
Federal Funds Total	180	153	39	114
Restricted Receipts Total	35	62	23	39
RICAP-Handicapped Accessibility Facility Renovation	283	105	109	(4)
General Revenue Fund Total-Governor's Comm on Disab.	534	513	535	(22)
Federal Grant Fund Total-Governor's Comm on Disab.	180	153	39	114
Restricted Fund Total-Governor's Comm on Disab.	35	62	23	39
Other Fund Total-Governor's Comm on Disab.	283	105	109	(4)
Total-Governor's Commission on Disabilities	1,032	833	706	127
Rhode Island Commission for Human Rights				
General Revenue Total	984	994	997	(3)
Federal Funds Total	239	216	110	106
General Revenue Fund Total-RI Comm for Human Rights	984	994	997	(3)
Federal Grant Fund Total-RI Comm for Human Rights	239	216	110	106
Total-Rhode Island Commission for Human Rights	1,224	1,210	1,107	103
Office of Mental Health Advocate				
General Revenue Total	332	339	340	(1)
General Revenue Fund Total-Office of Mental Health Advocate	332	339	340	(1)
Total-Office of Mental Health Advocate	332	339	340	(1)

State of Rhode Island and Providence Plantations
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2005
(Expressed in Thousands)

	Original Budget	Final Budget	Actual	Variance
Department of Elementary and Secondary Education				
State Aid				
General Revenue Total	624,404	625,356	625,340	16
Federal Funds Total	579	2,462	1,867	595
Restricted Funds Total	1,968	2,060	1,167	893
Total-State Aid	626,951	629,877	628,374	1,503
School Housing Aid				
General Revenue Total	43,856	42,180	42,180	
Total-School Housing Aid	43,856	42,180	42,180	
Teachers' Retirement				
General Revenue Total	52,583	48,503	48,503	
Total-Teachers' Retirement	52,583	48,503	48,503	
RI School for the Deaf				
RICAP-School for the Deaf-Physical Education Fac	561	561	507	54
General Revenue Total	5,700	5,749	5,747	2
Federal Funds Total	790	409	265	144
Total-RI School for the Deaf	7,051	6,720	6,520	200
Central Falls School District				
General Revenue Total	35,992	37,804	37,804	
Total-Central Falls School District	35,992	37,804	37,804	
Davies Career and Technical School				
RICAP-Davies Roof Repair	437	437	432	5
General Revenue Total	12,527	12,174	11,951	223
Federal Funds Total	1,150	1,454	1,194	260
Restricted Receipts Total	25	15	1	14
Total-Davies Career and Technical School	14,140	14,080	13,579	501
Metropolitan Career and Technical School				
General Revenue Total	7,262	7,262	7,262	
Total-Metropolitan Career and Technical School	7,262	7,262	7,262	
Administration of the Comprehensive Education Strategy				
RICAP-Chariho Wells		81	15	66
RICAP-State Owned Schools-Fire Alarm Systems	577	143	122	21
General Revenue Total	15,439	15,178	15,167	11
Federal Funds Total	144,765	164,783	179,759	(14,976)
Restricted Receipts Total	997	1,212	1,705	(493)
Total-Administration of the Comprehensive Education Strategy	161,777	181,396	196,767	(15,371)
General Revenue Fund Total-Dept of Elem & Sec Education	797,763	794,206	793,955	251
Federal Grant Fund Total-Dept of Elem & Sec Education	147,283	169,108	183,085	(13,977)
Restricted Fund Total-Dept of Elem & Sec Education	2,990	3,287	2,873	414
Other Fund Total-Dept of Elem & Sec Education	1,575	1,222	1,076	146
Total-Department of Elementary and Secondary Education	949,612	967,823	980,990	(13,167)

State of Rhode Island and Providence Plantations
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2005
(Expressed in Thousands)

	Original Budget	Final Budget	Actual	Variance
Board of Governors for Higher Education				
Board Of Governors/Office				
General Revenue Fund Total	5,855	5,893	5,883	10
Federal Fund Total	3,352	3,352	2,527	825
General Revenue Fund Total-URI	81,600	81,841	81,841	
General Revenue Fund Total-RIC	43,633	43,892	43,892	
General Revenue Fund Total-CCRI	43,167	41,816	41,816	
General Revenue Fund Total-BOG Higher Education	174,256	173,442	173,432	10
Federal Grant Fund Total-BOG Higher Education	3,352	3,352	2,527	825
Total-Board of Governors for Higher Education	177,607	176,794	175,960	834
Rhode Island State Council on the Arts				
Operating Support	456	1,248	462	786
Grants	1,987	1,200	1,329	(129)
Federal Funds Total	721	677	678	(1)
Restricted Receipts Total	200	200	38	162
General Revenue Fund Total-RI State Council on the Arts	2,442	2,448	1,791	657
Federal Grant Fund Total-RI State Council on the Arts	721	677	678	(1)
Restricted Fund Total-RI State Council on the Arts	200	200	38	162
Total-Rhode Island State Council on the Arts	3,363	3,326	2,507	819
Rhode Island Atomic Energy Commission				
URI Sponsored Research	157	147	142	5
RICAP-Paint Interior Reactor Building Walls	55	55	54	1
General Revenue Total	727	720	716	4
Federal Funds Total	325	325	65	260
General Revenue Fund Total-RI Atomic Energy Council	727	720	716	4
Federal Grant Fund Total-RI Atomic Energy Council	325	325	65	260
Other Fund Total-RI Atomic Energy Council	212	202	195	7
Total-Rhode Island Atomic Energy Commission	1,264	1,246	976	270
R I Higher Education Assistance Authority				
General Revenue Total	9,956	9,960	9,957	3
General Revenue Fund Total-RI Higher Education Assistance Authority	9,956	9,960	9,957	3
Total-R I Higher Education Assistance Authority	9,956	9,960	9,957	3
Historical Preservation and Heritage Commission				
General Revenue Total	1,221	1,225	1,221	4
Federal Funds Total	593	604	570	34
Restricted Receipts Total	207	219	174	45
General Revenue Fund Total-Historical Preservation	1,221	1,225	1,221	4
Federal Grant Fund Total-Historical Preservation	593	604	570	34
Restricted Fund Total-Historical Preservation	207	219	174	45
Total-Historical Preservation and Heritage Commission	2,021	2,047	1,965	82

State of Rhode Island and Providence Plantations
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2005
(Expressed in Thousands)

	Original Budget	Final Budget	Actual	Variance
R I Public Telecommunication Authority				
General Revenue Total	1,238	1,067	1,039	28
General Revenue Fund Total-R I Public Telecommunication Authority	1,238	1,067	1,039	28
Total-R I Public Telecommunication Authority	1,238	1,067	1,039	28
Department of Attorney General				
Criminal				
General Revenue Total	11,324	11,037	10,750	287
Federal Funds Total	1,334	1,315	1,242	73
Restricted Receipts Total	346	356	239	117
Total-Criminal	13,005	12,708	12,231	477
Civil				
General Revenue Total	3,488	3,455	3,616	(161)
Federal Funds Total	76			
Restricted Receipts Total	456	485	459	26
Total-Civil	4,020	3,940	4,075	(135)
Bureau of Criminal Identification				
General Revenue Total	815	814	827	(13)
Federal Funds Total	165	379	344	35
Total-Bureau of Criminal Identification	980	1,193	1,172	21
General				
General Revenue Total	1,717	1,941	1,949	(8)
RICAP-Building Renovations & Repairs	398	398	203	195
Total-General	1,717	1,941	1,949	(8)
General Revenue Fund Total-Dept of Attorney General	17,344	17,247	17,142	105
Federal Grant Fund Total-Dept of Attorney General	1,576	1,694	1,586	108
Restricted Fund Total-Dept of Attorney General	803	841	698	143
Other Fund Total-Dept of Attorney General	398	398	203	195
Total-Department of Attorney General	20,120	20,179	19,629	550
Department of Corrections				
Central Management				
General Revenue Total	10,009	10,576	10,057	519
Federal Funds Total		361	191	170
Total-Central Management	10,009	10,937	10,248	689
Parole Board				
General Revenue Total	1,063	1,057	1,002	55
Federal Fund Total		33	25	8
Total-Parole Board	1,063	1,090	1,027	63

State of Rhode Island and Providence Plantations
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2005
(Expressed in Thousands)

	Original Budget	Final Budget	Actual	Variance
Institutional Corrections				
RICAP-Fire Code Safety Improvements	533	100	1	99
RICAP-Security Camera Installation	573	303	261	42
RICAP-Bernadette Guay Bldg. Roof	415	15	8	7
RICAP-Heating & Temperature Controls	342	195	211	(16)
RICAP-Medium HVAC Renovations	31			
RICAP-Reintegration Center State Match	689	150		150
RICAP-Dix Expansion-State Match	46	6	6	
RICAP-General Renovations-Maximum	554	584	451	133
RICAP-Roof/Masonry Renovations-Women's	1,030	1,000	545	455
RICAP-Perimeter/Security Upgrades	288	100	38	62
RICAP-Women's Bath Renovation	749	400	237	163
RICAP-Dix Expansion Consolidation				
RICAP-Correctional Industries Roof	176	21	15	6
General Revenue Total	124,687	124,559	124,649	(90)
Federal Funds Total	7,958	8,465	1,602	6,863
Restricted Receipts Total	137	220	217	3
Total-Institutional Corrections	138,209	136,118	128,240	7,878
Community Corrections				
General Revenue Total	12,329	11,178	11,153	25
Federal Funds Total	1,754	1,981	1,072	909
Total-Community Corrections	14,083	13,160	12,225	935
General Revenue Fund Total-Corrections	148,089	147,370	146,861	509
Federal Grant Fund Total-Corrections	9,712	10,841	2,890	7,951
Restricted Fund Total-Corrections	137	220	217	3
Other Fund Total-Corrections	5,427	2,874	1,772	1,102
Total-Department of Corrections	163,364	161,305	151,740	9,565
Judicial Department				
Supreme Court				
RICAP-McGrath Judicial Complex Interior	100	425	318	107
RICAP-Blackston Valley Courthouse Study	300	150		150
RICAP-Murray Judicial Complex - Interior Refurbishment	73	23	19	4
RICAP-Fogarty Judicial Annex	48	23		23
RICAP-Garrahy Lighting & Ceiling	600			
RICAP-Licht Judicial Complex Roof Study	25			
RICAP-Licht Judicial Complex-Foundation	35	35		35
RICAP-Judicial Complexes HVAC	197	197	194	3
General Revenue Total	22,923	23,653	22,802	851
Defense of Indigents	2,507	2,573	2,655	(82)
Federal Funds Total	849	1,099	749	350
Restricted Receipts Total	901	954	898	56
Total-Supreme Court	28,558	29,131	27,636	1,495
Superior Court				
Federal Funds Total	633	728	188	540
General Revenue Total	17,613	17,570	17,151	419
Total-Superior Court	18,246	18,298	17,338	960

State of Rhode Island and Providence Plantations
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2005
(Expressed in Thousands)

	Original Budget	Final Budget	Actual	Variance
Family Court				
General Revenue Total	13,890	13,290	14,601	(1,311)
Federal Funds Total	2,666	3,329	1,666	1,663
Restricted Receipts Total	148	141		141
Total-Family Court	16,704	16,760	16,267	493
District Court				
General Revenue Total	8,670	8,376	8,287	89
Federal Funds Total	5	9	2	7
Total-District Court	8,675	8,385	8,289	96
Traffic Tribunal				
General Revenue Total	6,587	6,637	6,220	417
Total-Traffic Tribunal	6,587	6,637	6,220	417
Worker's Compensation Court				
Restricted Receipts Total	6,124	6,201	5,833	368
Total-Worker's Compensation Court	6,124	6,201	5,833	368
General Revenue Fund Total-Judical Dept	72,190	72,099	71,715	384
Federal Grant Fund Total-Judicial Dept	4,153	5,165	2,605	2,560
Restricted Fund Total-Judicial Dept	7,173	7,295	6,730	565
Other Fund Total-Judicial Dept	1,378	853	532	321
Total-Judicial Department	84,894	85,412	81,582	3,830
Militia of the State				
National Guard				
RICAP-Logistic/Maintenance Facilities				
RICAP-Camp Fogarty Training Site	50			
RICAP-Bristol Armory Rehabilitation	95		5	(5)
RICAP-Benefit St. Arsenal Rehabilitation	233		7	(7)
RICAP-Schofield Armory Rehabilitation	220	20		20
RICAP-US Property and Finance Office-HVAC	107	107	110	(3)
RICAP-State Armories Fire Code Comp	13	13		13
RICAP-Warwick Armory Boiler	50	50		50
RICAP-Federal Armories Fire Code Comp	6	25		25
RICAP-North Smithfield Armory	86			
RICAP-Emergency Operations Center		10		10
RICAP-AMC Roof Rehabilitation	50		4	(4)
RICAP-Army Aviation Support Facility				
RICAP-Logistics/Maintenance Facilities	6	25		25
General Revenue Total	1,632	1,736	1,643	93
Federal Funds Total	8,594	6,997	5,574	1,423
Restricted Receipts Total		145	38	107
Total-National Guard	11,141	9,128	7,381	1,747

State of Rhode Island and Providence Plantations
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2005
(Expressed in Thousands)

	Original Budget	Final Budget	Actual	Variance
Emergency Management				
General Revenue Total	544	582	693	(111)
Federal Funds Total	26,450	34,542	12,077	22,465
Restricted Receipts Total	188	274	118	156
Total-Emergency Management	27,183	35,398	12,888	22,510
General Revenue Fund Total-Militia of the State	2,176	2,317	2,336	(19)
Federal Grant Fund Total-Militia of the State	35,044	41,540	17,651	23,889
Restricted Fund Total-Militia of the State	188	419	156	263
Other Fund Total-Militia of the State	915	249	125	124
Total-Militia of the State	38,323	44,525	20,269	24,256
E-911 Uniform Emergency Telephone System				
General Revenue Total	3,821	3,838	3,882	(44)
Federal Funds Total		136	67	69
Restricted Receipts Total	1,650	1,534	971	563
General Revenue Fund Total-E-911 Uniform Emer Telephone System	3,821	3,838	3,882	(44)
Federal Funds Total-E-911 Uniform Emer Telephone Systems		136	67	69
Restricted Receipts Total-E-911 Uniform Emer Telephone System	1,650	1,534	971	563
Total-E-911 Uniform Emergency Telephone System	5,471	5,508	4,919	589
Fire Safety Code Board of Appeal and Review				
Fire Code Commission				
General Revenue Total	241	243	237	6
General Revenue Fund Total-Fire Safety Code	241	243	237	6
Total-Fire Safety Code Board of Appeal and Review	241	243	237	6
Division of Fire Safety				
Fire Safety & Training Academy				
General Revenue Total	1,978	2,042	2,100	(58)
Federal Funds Total	408	340	121	219
Other Funds	20	13		13
General Revenue Fund Total-Div. of Fire Safety	1,978	2,042	2,100	(58)
Federal Grant Fund Total-Div. of Fire Safety	408	340	121	219
Other Fund Total-Div. of Fire Safety	20	13		13
Total-Division of Fire Safety	2,406	2,395	2,221	174
Commission on Judicial Tenure & Discipline				
General Revenue Total	103	125	129	(4)
General Revenue Fund Total-Comm on Judicial Tenure	103	125	129	(4)
Total-Commission on Judicial Tenure & Discipline	103	125	129	(4)

State of Rhode Island and Providence Plantations
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2005
(Expressed in Thousands)

	Original Budget	Final Budget	Actual	Variance
Rhode Island Governor's Justice Commission				
General Revenue Total	248	254	254	
Federal Funds Total	5,688	5,787	5,018	769
Restricted Receipts Total	90	30	24	6
General Revenue Fund Total-RI Gov Just Comm	248	254	254	
Federal Grant Fund Total-RI Gov Just Comm	5,688	5,787	5,018	769
Restricted Fund Total-RI Gov Just Comm	90	30	24	6
Total-Rhode Island Governor's Justice Commission	6,026	6,071	5,296	775
Municipal Police Training School				
General Revenue Total	361	364	343	21
Federal Funds Total	143	129	46	83
General Revenue Fund Total-Municipal Police Training School	361	364	343	21
Federal Grant Fund Total-Municipal Police Training School	143	129	46	83
Total-Municipal Police Training School	504	493	389	104
Rhode Island State Police				
RICAP-Barracks & Training Headquarters'	165	190		190
RICAP-Headquarters Repair/Renovation	75	75	59	16
Traffic Enforcement-Municipal Training	119	88	161	(73)
Lottery Commission Assistance	119	129	128	1
Road Construction Reimbursement	1,587	2,278	2,277	1
General Revenue Total	43,114	42,549	42,443	106
Federal Funds Total	1,715	1,973	1,144	829
Restricted Receipts Total	298	445	248	197
General Revenue Fund Total-State Police	43,114	42,549	42,443	106
Federal Grant Fund Total-State Police	1,715	1,973	1,144	829
Restricted Fund Total-State Police	298	445	248	197
Other Fund Total-State Police	2,065	2,760	2,625	135
Total-Rhode Island State Police	47,192	47,726	46,461	1,265
Office of Public Defenders				
General Revenue Total	6,876	6,957	6,871	86
Federal Funds Total	419	452	284	168
General Revenue Fund Total-Office of Public Defenders	6,876	6,957	6,871	86
Federal Grant Fund Total-Office of Public Defenders	419	452	284	168
Total-Office of Public Defenders	7,295	7,409	7,156	253
Department of Environmental Management				
Policy and Administration				
DOT Recreational Projects	49	48	28	20
Blackstone Bikepath Design	1,249	1,249	1,150	99
RICAP-Dam Repair	1,394	1,660	2,165	(505)
General Revenue Total	8,315	8,452	8,064	388
Federal Funds Total	1,991	2,450	710	1,740
Restricted Receipts Total	2,868	3,206	3,500	(294)
Total-Policy and Administration	15,865	17,065	15,618	1,447

State of Rhode Island and Providence Plantations
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2005
(Expressed in Thousands)

	Original Budget	Final Budget	Actual	Variance
Natural Resources				
RICAP-Jamestown Fishing Pier	75	75	7	68
RICAP-Fort Myers Rehabiliation	350	350	350	
RICAP-Recreational Facilities Improvement	1,904	904	633	271
RICAP-Wickford Marine facility	200	200	2	198
RICAP-Galilee Piers	1,047	1,512	1,322	190
RICAP-Boyd's Marsh Habitant Restoration			24	(24)
RICAP-Newport Piers	202	202	180	22
General Revenue Total	15,417	15,636	16,094	(458)
Federal Funds Total	13,487	15,679	8,641	7,038
Restricted Receipts Total	3,656	3,824	2,970	854
Total-Natural Resources	36,337	38,381	30,223	8,158
Environmental Protection				
General Revenue Total	9,013	9,119	9,120	(1)
Federal Funds Total	9,915	10,257	7,066	3,191
Restricted Receipts Total	4,505	4,294	2,702	1,592
Total-Environmental Protection	23,433	23,670	18,888	4,782
General Revenue Fund Total-DEM	32,745	33,207	33,278	(71)
Federal Grant Fund Total-DEM	25,393	28,386	16,418	11,968
Restricted Fund Total-DEM	11,029	11,324	9,171	2,153
Other Fund Total-DEM	6,468	6,199	5,862	337
Total-Department of Environmental Management	75,635	79,117	64,729	14,388
Coastal Resources Management Council				
RICAP-Allins Cove		50		50
General Revenue Total	1,460	1,480	1,417	63
Federal Funds Total	2,145	2,843	2,279	564
Restricted Total	250	250	135	115
General Revenue Fund Total-Coastal Resources	1,460	1,480	1,417	63
Federal Grant Fund Total-Coastal Resources	2,145	2,843	2,279	564
Restricted Fund Total-Coastal Resources	250	250	135	115
Other Fund Total-Coastal Resources		50		50
Total-Coastal Resources Management Council	3,855	4,623	3,831	792

State of Rhode Island and Providence Plantations
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2005
(Expressed in Thousands)

	Original Budget	Final Budget	Actual	Variance
Water Rescources Board				
RICAP-Big River Management Area	104	104	93	11
RICAP-Supplemental Water Supplies Development	400			
General Revenue Total	1,229	1,161	1,088	73
Federal Total	500	500	607	(107)
Restricted Receipts Total	495	939	848	91
General Revenue Fund Total-Water Resources Board	1,229	1,161	1,088	73
Federal Grant Fund Total-Water Resources Board	500	500	607	(107)
Restricted Fund Total-Water Resources Board	495	939	848	91
Other Fund Total-Water Resources Board	504	104	93	11
Total-Water Resources Board	2,728	2,705	2,635	70
Departmental Expenditures	4,818,704	4,906,718	4,778,710	128,008
Transfer of Excess Budget Reserve to Bond Capital Fund			54,002	(54,002)
Total Expenditures	4,818,704	4,906,718	4,832,712	74,006
Change in Fund Balance	$ 6,450	$ 67,360	28,508	$ 38,852
Fund balance - beginning			156,294	
Fund balance - ending			$ 184,802	
General Revenue Funds Total	$ 2,947,923	$ 2,965,973	$ 2,926,928	$ 39,045
Federal Grants Funds Total	1,646,382	1,719,761	1,655,563	64,198
Restricted Funds Total	109,645	116,198	100,040	16,158
Other Funds Total	114,754	104,786	96,179	8,607
General Fund Grand Total	$ 4,818,704	$ 4,906,718	$ 4,778,710	$ 128,008

** Certain totals may not add due to rounding.

State of Rhode Island and Providence Plantations
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Intermodal Surface Transportation Fund
For the Fiscal Year Ended June 30, 2005
(Expressed in Thousands)

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Taxes	$ 143,400	$ 141,000	$ 142,696	$ 1,696
Departmental restricted revenue	4,450	6,380	8,222	1,842
Federal grants	207,421	207,386	226,839	19,453
Other revenues	5,268	5,268	2,268	(3,000)
Total revenues	360,539	360,034	380,025	19,991
Other financing sources:				
Operating transfers in			32,701	32,701
Total revenues and other financing sources	360,539	360,034	412,726	52,692
Expenditures:				
Central Management				
Gasoline Tax	3,545	3,508	3,142	366
Federal Funds	8,962	8,958	2,270	6,688
Total - Central Management	12,507	12,466	5,412	7,054
Management and Budget				
Gasoline Tax	1,946	1,970	2,314	(344)
Total - Management and Budget	1,946	1,970	2,314	(344)
Infrastructure - Engineering				
Gasoline Tax	49,631	46,282	48,253	(1,971)
RICAP - RIPTA Land and Buildings	107	107	28	79
Train Station	100	100		100
State Infrastructure Bank	1,000	1,000		1,000
Land Sale Revenue	4,000	4,000	902	3,098
Federal Funds	198,459	198,428	183,644	14,784
Restricted Receipts	4,450	6,380	636	5,744
Subtotal - Infrastructure - Engineering	257,747	256,297	233,463	22,834
State Match - FHWA			44,429	(44,429)
Total - Infrastructure - Engineering	257,747	256,297	277,892	(21,595)
Infrastructure - Maintenance				
Gasoline Tax	39,533	41,472	42,092	(620)
Outdoor Advertising				
Total - Infrastructure - Maintenance	39,533	41,472	42,092	(620)
Total Expenditures	311,733	312,205	327,710	(15,505)
Other financing uses:				
Transfers to other funds				
Federal			41,809	(41,809)
Gas tax			46,896	(46,896)
Other			168	(168)
Total expenditures and other financing uses	311,733	312,205	416,583	(104,378)
Net change in fund balance	$ 48,806	$ 47,829	(3,857)	$ (51,686)
Fund balance - beginning			37,797	
Fund balance - ending			$ 33,940	

State of Rhode Island and Providence Plantations
Required Supplementary Information
Schedules of Funding Progress
June 30, 2005
(Expressed in thousands)

Employees' Retirement System

Actuarial Valuation Date		Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age - (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
06/30/2004		5,543,427	9,328,983	3,785,556	59.4%	1,472,620	257.1%
06/30/2003	**	5,695,358	8,858,979	3,163,621	64.3%	1,440,744	219.6%
06/30/2002		5,907,680	8,141,130	2,233,450	72.6%	1,378,905	162.0%

State Police Retirement Benefits Trust

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age - (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
06/30/2004	24,767	32,689	7,922	75.8%	11,422	69.4%
06/30/2003	20,966	28,443	7,477	73.7%	11,286	66.3%
06/30/2002	17,770	23,527	5,757	75.5%	10,933	52.7%

Judicial Retirement Benefits Trust

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age - (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
06/30/2004	16,019	21,846	5,827	73.3%	5,638	103.3%
06/30/2003	13,270	18,435	5,165	72.0%	5,303	97.4%
06/30/2002	11,129	16,243	5,114	68.5%	4,738	107.9%

** Restated June 30, 2003 actuarial accrued liability due to the adoption of Article 7, Substitute A as Amended

An annual budget is adopted on a basis consistent with generally accepted accounting principles for the general fund and certain special revenue funds. Preparation and submission of the budget is governed by both the State Constitution and the Rhode Island General Laws. The budget, as enacted by the General Assembly and signed by the Governor, contains a complete plan of estimated revenues (general, federal and restricted), transfers in (general and restricted) and proposed expenditures.

The legal level of budgetary control, i.e. the lowest level at which management (executive branch) may not reassign resources without special approval (legislative branch) is the line item within the appropriation act. Management cannot reallocate any appropriations without special approval from the legislative branch. Federal grant appropriations may also be limited by the availability of matching funds and may also require special approval from a federal agency before reallocating resources among programs.

Internal administrative and accounting budgetary controls utilized by the State consist principally of statutory restrictions on the expenditure of funds in excess of appropriations and the supervisory powers and functions exercised by management. Management cannot reduce the budget without special approval.

Unexpended general revenue appropriations lapse at the end of the fiscal year, unless the department/agency directors identify unspent appropriations related to specific projects/purchases and request a reappropriation. If the requests are approved by the Governor, such amounts are reappropriated for the ensuing fiscal year and made immediately available for the same purposes as the former appropriations. Unexpended appropriations of the General Assembly and its legislative commissions and agencies may be reappropriated by the Joint Committee on Legislative Services. If the sum total of all departments and agencies general revenue expenditures exceeds the total general revenue appropriations, it is the policy of management to lapse all unexpended appropriations, except those of the legislative and judicial branches.

The original budget includes the amounts in the applicable appropriation act, general revenue appropriations carried forward by the Governor, the unexpended balances in the R.I Capital Fund projects and any unexpended balances designated by the General Assembly.

Nonmajor Governmental Funds

Special Revenue Funds - account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes and where a separate fund is mandated.

.

R.I. Temporary Disability Insurance Fund – accounts for the employee tax on wages that are levied to pay benefits to covered employees who are out of work for an extended period of time due to a non-job-related illness.

Rhode Island Economic Policy Council – works with State officials to identify issues facing the State's economy, to advise the State legislature in policy matters relating to economic development, and to administer a grant program designed to foster private technology commercialization. It is a blended component unit.

Tobacco Settlement Financing Corporation (TFSC) - created to securitize the tobacco settlement revenues from the State.

Capital Project Funds - account for resources obtained and used for the acquisition, construction or improvement of capital facilities not reported in other governmental or proprietary funds

Bond Capital – accounts for the proceeds of the bonds issued and the related capital expenditures not required to be accounted for in another capital projects fund.

R.I. Clean Water Act Environmental Trust – accounts for the proceeds of certain bonds issued of which the proceeds are restricted to providing grants and loans to local governmental entities and the required State share or related expenses for the Narragansett Bay study.

R.I. Refunding Bond Authority – accounts for the loan issued to the State to provide funds used to retire certain general obligation bonds and accounts for revenue bonds issued by the R.I. Public Buildings Authority (RIPBA), a blended component unit that was abolished by the State in fiscal 1998. The revenue bonds issued by RIPBA were used to provide funding for the acquisition, construction or improvement of public facilities and equipment.

Certificates of Participation – accounts for the proceeds of the sale of certificates of participation which provide funding for the acquisition, construction or improvement of public facilities and equipment.

Permanent Funds – are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for the purposes that support the State’s programs.

Permanent School – accounts for certain appropriations of the General Assembly and the earnings thereon, which are to be used for the promotion and support of public education.

COMBINING

FUND STATEMENTS

State of Rhode Island and Providence Plantations
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2005
(Expressed in Thousands)

	Special Revenue			Capital Project	
	R.I. Temporary Disability	Tobacco Settlement Financing Corporation	R.I. Economic Policy Council	Bond Capital	R.I. Clean Water Act Environmental Trust
Assets					
Cash and cash equivalents	$ 91,948	$	$ 56	$ 91,785	$ 5,363
Funds on deposit with fiscal agent					
Investments		143			
Restricted investments		74,542			
Receivables (net)	41,172		9		
Due from other funds				7,829	
Due from component units			10		
Due from other governments and agencies				2,457	
Other assets		514	2		
Total assets	$ 133,120	$ 75,199	$ 77	$ 102,071	$ 5,363
Liabilities and Fund Balances					
Liabilities					
Accounts payable	234		49	3,355	
Due to other funds	850				
Loans from other funds					
Deferred revenue				66	
Other liabilities			27	527	
Total liabilities	1,084		76	3,948	
Fund balances					
Reserved for:					
Debt		75,199		3,829	
Employment Insurance Programs	132,036				
Unreserved					
Special revenue			1		
Capital projects				94,294	5,363
Permanent fund					
Total fund balances	132,036	75,199	1	98,123	5,363
Total Liabilities and fund balances	$ 133,120	$ 75,199	$ 77	$ 102,071	$ 5,363

(Continued)

State of Rhode Island and Providence Plantations
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2005
(Expressed in Thousands)

	Capital Project		Permanent	
	R.I. Refunding Bond Authority	Certificates of Participation	Permanent School	Totals
Assets				
Cash and cash equivalents	$ 333	$	$ 917	$ 190,402
Funds on deposit with fiscal agent		109,146		109,146
Investments				143
Restricted investments				74,542
Receivables (net)				41,181
Due from other funds				7,829
Due from component units				10
Due from other governments and agencies				2,457
Other assets	1			517
Total assets	$ 334	$ 109,146	$ 917	$ 426,227
Liabilities and Fund Balances				
Liabilities				
Accounts payable	1	3,438		7,077
Due to other funds		596		1,446
Loans from other funds		22		22
Deferred revenue				66
Other liabilities	35			589
Total liabilities	36	4,056		9,200
Fund balances				
Reserved for:				
Debt		2,725		81,753
Employment Insurance Programs				132,036
Unreserved				
Special revenue				1
Capital projects	298	102,365		202,320
Permanent fund			917	917
Total fund balances	298	105,090	917	417,027
Total Liabilities and fund balances	$ 334	$ 109,146	$ 917	$ 426,227

(Concluded)

State of Rhode Island and Providence Plantations
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2005
(Expressed in Thousands)

	Special Revenue			Capital Projects	
	R.I. Temporary Disability	Tobacco Settlement Financing Corporation	R.I. Economic Policy Council	Bond Capital	R.I. Clean Water Act Environmental Trust
Revenues:					
Taxes	$ 168,016	$	$	$	$
Licenses, fines, sales, and services					
Federal grants				1,702	
Income from investments	2,119	2,909		1,277	101
Other revenues	119	45,831	317		
Total operating revenues	170,254	48,740	317	2,979	101
Expenditures:					
Current:					
General government	167,125	65	784	15,694	
Human services				2,822	
Education				8,901	
Public safety				15	
Natural resources				22	1,778
Transportation				521	
Capital outlays	196		20	6,281	
Intergovernmental				3,191	607
Debt service:					
Principal		6,850			
Interest and other charges		42,015		1,841	3
Total operating expenditures	167,321	48,930	804	39,288	2,388
Excess (deficiency) of revenues over (under) expenditures	2,933	(190)	(487)	(36,309)	(2,287)
Other financing sources (uses)					
Bonds and notes issued				85,295	1,800
Refunding bonds				117,010	
Certificates of Participation					
Premium and accrued interest				11,774	81
Operating transfers in			336	54,002	
Other			137		
Payment to refunded bonds escrow agent				(123,300)	
Operating transfers out	(1,155)			(65,270)	
Total other financing sources (uses)	(1,155)		473	79,511	1,881
Net change in fund balances	1,778	(190)	(14)	43,202	(406)
Fund balances - beginning (as restated)	130,258	75,389	15	54,921	5,769
Fund balances - ending	$ 132,036	$ 75,199	$ 1	$ 98,123	$ 5,363

(Continued)

State of Rhode Island and Providence Plantations
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2005
(Expressed in Thousands)

	Capital Projects		Permanent	
	R.I. Refunding Bond Authority	Certificates of Participation	Permanent School	Totals
Revenues:				
Taxes	$	$	$	$ 168,016
Licenses, fines, sales, and services	30		23	53
Federal grants				1,702
Income from investments		659	19	7,084
Other revenues				46,267
Total operating revenues	30	659	42	223,122
Expenditures:				
Current:				
General government	31			183,699
Human services				2,822
Education		338		9,239
Public safety				15
Natural resources				1,800
Transportation		531		1,052
Capital outlays		29,629		36,126
Intergovernmental				3,798
Debt service:				
Principal				6,850
Interest and other charges		1,283		45,142
Total operating expenditures	31	31,781		290,543
Excess (deficiency) of revenues over (under) expenditures	(1)	(31,122)	42	(67,421)
Other financing sources (uses)				
Bonds and notes issued				87,095
Refunding bonds				117,010
Certificates of Participation		139,410		139,410
Premium and accrued interest		5,747		17,602
Operating transfers in				54,338
Other	5			142
Payment to refunded bonds escrow agent				(123,300)
Operating transfers out				(66,425)
Total other financing sources (uses)	5	145,157		225,872
Net change in fund balances	4	114,035	42	158,451
Fund balances - beginning (as restated)	294	(8,945)	875	258,576
Fund balances - ending	$ 298	$ 105,090	$ 917	$ 417,027

(Concluded)

State of Rhode Island and Providence Plantations
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Rhode Island Temporary Disability Insurance Fund
For the Fiscal Year Ended June 30, 2005
(Expressed in Thousands)

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget
* **Revenues:**				
Taxes	$ 168,016	$ 168,016	$ 168,016	$
Other Revenues	2,238	2,238	2,238	
Total Revenues	170,254	170,254	170,254	
Expenditures:				
Department of Labor and Training				
Income Support				
Temporary Disability Insurance Fund	168,310	169,924	168,259	1,665
Total - Income Support	168,310	169,924	168,259	1,665
Total - Department of Labor and Training	168,310	169,924	168,259	1,665
Treasury Department				
Temporary Disability Insurance Fund	266	265	217	48
Total - Treasury Department	266	265	217	48
Total Expenditures	168,576	170,189	168,476	1,713
Net change in fund balance	1,678	65	1,778	1,713
* Fund balance - beginning	130,258	130,258	130,258	
Fund balance - ending	$ 131,936	$ 130,323	$ 132,036	$ 1,713

* Resources are not legislatively adopted, budgeted revenues and opening surpluses are assumed to equal actual amounts.

Internal Service Funds

Internal Service Funds are used to account for the financing and providing of specified goods and services, on a centralized basis, for other departments and agencies.

Federal Surplus Property – accounts for the revenues received and expenses incurred from the disposition of federal surplus property.

Assessed Fringe Benefits – accounts for the biweekly assessment of a percentage applied to salaries and wages to pay for certain fringe benefits, including workers' compensation to State employees injured on the job.

Central Utilities – processes all electric bills for the state and charges the expending department/agency.

Energy Revolving – accounts for revenues to be used to implement and encourage energy efficiency and cost reduction measures in state facilities or alternate fuel vehicles.

Information Processing – is the center of the State's data processing activities.

Central Postage – provides for the delivery of mail services for the state.

Centrex – processes all of the telephone bills for the State and charges the expending department/agency.

Pastore Communications - provides the telecommunication services at the State institutions.

Central Pharmacy – maintains an inventory of prescription drugs for use at State institutions.

Central Laundry – provides laundry service to the State institutions.

Automotive Maintenance – approves work orders, pays the corresponding bills for the State fleet and bills the user department/agency.

Central Warehouse – provides a low-cost centralized distribution center for food for State institutions and local public school districts.

Correctional Industries – provides job training for inmates through prison industries.

Surplus Property - accounts for the revenues received and expenses incurred from the disposition of state surplus property.

Record Center – provides a centralized location for the archival of State documents.

Health Insurance – pays employee and retiree health benefits.

State of Rhode Island and Providence Plantations
Combining Statement of Net Assets
Internal Service Funds
June 30, 2005
(Expressed in Thousands)

	Assessed Fringe Benefits	Central Utilities	Energy Revolving	Information Processing	Central Postage
Assets:					
Current assets:					
Cash and cash equivalents	$ 2,033	$	$ 910	$ 1,243	$ 195
Receivables (net)	1,156		39	1,427	
Due from other funds		150			
Inventories					263
Other assets					
Total current assets	3,189	150	949	2,670	458
Noncurrent assets:					
Loans receivable			390		
Capital assets (net)				573	158
Total noncurrent assets			390	573	158
Total assets	3,189	150	1,339	3,243	616
Liabilities:					
Current liabilities:					
Cash overdraft		65			
Accounts payable	66			221	65
Due to other funds	681			1,640	121
Other current liabilities	280	71		1,509	48
Obligations under capital leases				141	71
Total current liabilities	1,027	136		3,511	305
Noncurrent liabilities:					
Obligations under capital leases				94	43
Total noncurrent liabilities				94	43
Total liabilities	1,027	136		3,605	348
Net Assets:					
Invested in capital assets, net of related debt				338	44
Unrestricted	2,162	14	1,339	(700)	224
Total net assets	$ 2,162	$ 14	$ 1,339	$ (362)	$ 268

(Continued)

State of Rhode Island and Providence Plantations
Combining Statement of Net Assets
Internal Service Funds
June 30, 2005
(Expressed in Thousands)

	Centrex	Pastore Communications	Central Pharmacy	Central Laundry	Automotive Maintenance
Assets:					
Current assets:					
Cash and cash equivalents	$	$	$	$	$ 790
Receivables (net)		58	46		115
Due from other funds	1,243	48	820	41	
Inventories			479	74	228
Other assets			433	155	
Total current assets	1,243	106	1,778	270	1,133
Noncurrent assets:					
Loans receivable					
Capital assets (net)		15		329	
Total noncurrent assets		15		329	
Total assets	1,243	121	1,778	599	1,133
Liabilities:					
Current liabilities:					
Cash overdraft	576	146	176	798	
Accounts payable	56	106	481	28	369
Due to other funds					48
Other current liabilities	33		75	50	84
Obligations under capital leases					
Total current liabilities	665	252	732	876	501
Noncurrent liabilities:					
Obligations under capital leases					
Total noncurrent liabilities					
Total liabilities	665	252	732	876	501
Net Assets:					
Invested in capital assets, net of related debt		15		329	
Unrestricted	578	(146)	1,046	(606)	632
Total net assets	$ 578	$ (131)	$ 1,046	$ (277)	$ 632

(Continued)

State of Rhode Island and Providence Plantations
Combining Statement of Net Assets
Internal Service Funds
June 30, 2005
(Expressed in Thousands)

	Central Warehouse	Correctional Industries	Surplus Property	Records Center	Health Insurance	Total
Assets:						
Current assets:						
Cash and cash equivalents	$ 171	$ 1,273	$ 47	$ 144	$ 7,748	$ 14,554
Receivables (net)	94	1,316			7,634	11,885
Due from other funds	124	476			864	3,766
Inventories	690	753				2,487
Other assets					8,868	9,456
Total current assets	1,079	3,818	47	144	25,114	42,148
Noncurrent assets:						
Loans receivable						390
Capital assets (net)	1,860	332	13			3,280
Total noncurrent assets	1,860	332	13			3,670
Total assets	2,939	4,150	60	144	25,114	45,818
Liabilities:						
Current liabilities:						
Cash overdraft						1,761
Accounts payable	486	638		110	15,767	18,393
Due to other funds				36		2,526
Other current liabilities	88	169		19		2,426
Obligations under capital leases	383					595
Total current liabilities	957	807		165	15,767	25,701
Noncurrent liabilities:						
Obligations under capital leases						137
Total noncurrent liabilities						137
Total liabilities	957	807		165	15,767	25,838
Net Assets:						
Invested in capital assets, net of related debt	1,477	332	13			2,548
Unrestricted	505	3,011	47	(21)	9,347	17,432
Total net assets	$ 1,982	$ 3,343	$ 60	$ (21)	$ 9,347	$ 19,980

(Concluded)

State of Rhode Island and Providence Plantations
Combining Statement of Revenues, Expenses, and Changes in Net Assets
Internal Service Funds
For the Year Ended June 30, 2005
(Expressed in Thousands)

	Assessed Fringe Benefits	Central Utilities	Energy Revolving	Information Processing	Central Postage	Centrex	Pastore Communications
Operating revenues:							
Charges for services	$ 28,734	$ 18,335	$ 19	$ 12,487	$ 4,855	$ 3,535	$ 534
Total operating revenues	28,734	18,335	19	12,487	4,855	3,535	534
Operating expenses:							
Personal services	2,347	771		9,087	415	800	54
Supplies, materials, and services	24,497	16,463	(189)	3,475	4,078	2,155	478
Depreciation				283	63	4	4
Total operating expenses	26,844	17,234	(189)	12,845	4,556	2,959	536
Operating income (loss)	1,890	1,101	208	(358)	299	576	(2)
Nonoperating revenues (expenses):							
Interest revenue	32						
Other nonoperating revenues and (expenses)	8						
Income (loss) before transfers	1,930	1,101	208	(358)	299	576	(2)
Operating transfers out	(1,106)						
Change in net assets	824	1,101	208	(358)	299	576	(2)
Total net assets - beginning	1,338	(1,087)	1,131	(4)	(31)	2	(129)
Total net assets - ending	$ 2,162	$ 14	$ 1,339	$ (362)	$ 268	$ 578	$ (131)

(Continued)

State of Rhode Island and Providence Plantations
Combining Statement of Revenues, Expenses, and Changes in Net Assets
Internal Service Funds
For the Year Ended June 30, 2005
(Expressed in Thousands)

	Central Pharmacy	Central Laundry	Automotive Maintenance	Central Warehouse	Correctional Industries	Surplus Property	Records Center	Health Insurance	Total
Operating revenues:									
Charges for services	$ 9,367	$ 1,056	$ 13,556	$ 5,605	$ 5,483	$ 37	$ 1,048	$ 106,868	$ 211,519
Total operating revenues	9,367	1,056	13,556	5,605	5,483	37	1,048	106,868	211,519
Operating expenses:									
Personal services	450	786	675	895	1,849		330		18,459
Supplies, materials, and services	8,974	511	12,260	4,892	3,209	4	793	97,521	179,121
Depreciation		107		154	132	2	1		750
Total operating expenses	9,424	1,404	12,935	5,941	5,190	6	1,124	97,521	198,330
Operating income (loss)	(57)	(348)	621	(336)	293	31	(76)	9,347	13,189
Nonoperating revenues (expenses):									
Interest revenue			35		22				89
Other nonoperating revenues and (expenses)					1				9
Income (loss) before transfers	(57)	(348)	656	(336)	316	31	(76)	9,347	13,287
Operating transfers out						(4)			(1,110)
Change in net assets	(57)	(348)	656	(336)	316	27	(76)	9,347	12,177
Total net assets - beginning	1,103	71	(24)	2,318	3,027	33	55		7,803
Total net assets - ending	$ 1,046	$ (277)	$ 632	$ 1,982	$ 3,343	$ 60	$ (21)	$ 9,347	$ 19,980

(Concluded)

State of Rhode Island and Providence Plantations
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2005
(Expressed in Thousands)

	Assessed Fringe Benefits	Central Utilities	Energy Revolving
Cash flows from operating activities:			
Cash received from customers	$ 29,057	$ 19,582	$ 302
Cash payments to suppliers for goods and services	(24,394)	(19,104)	
Cash payments to employees for services	(2,437)	(733)	
Other operating revenue (expense)	8		
Net cash provided by (used for) operating activities	2,234	(255)	302
Cash flows from noncapital financing activities:			
Loans from the general fund			
Repayment of loans to the general fund			
Operating transfers out	(1,106)		
Negative cash balance implicitly financed		65	
Net cash provided by (used for) noncapital financing activities	(1,106)	65	
Cash flows from capital and related financing activities:			
Principal paid on capital lease obligations			
Acquisition of capital assets			
Net cash provided by (used for) capital and related financing activities			
Cash flows from investing activities:			
Interest on investments	32		
Net cash provided by (used for) investing activities	32		
Net increase (decrease) in cash and cash equivalents	1,160	(190)	302
Cash and cash equivalents - July 1	873	190	608
Cash and cash equivalents - June 30	$ 2,033	$	$ 910
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	$ 1,890	$ 1,101	$ 208
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	$	$	$
Other revenue (expense) and operating transfer in (out)	8		
(Increase) decrease in assets:			
Receivables	(91)	1,247	283
Inventory			
Prepaid items			
Increase (decrease) in liabilities:			
Vouchers and accounts payable	400	(2,641)	(189)
Accrued expenses	27	38	
Total adjustments	344	(1,356)	94
Net cash provided by (used for) operating activities	$ 2,234	$ (255)	$ 302

(Continued)

State of Rhode Island and Providence Plantations
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2005
(Expressed in Thousands)

	Information Processing	Central Postage	Centrex
Cash flows from operating activities:			
Cash received from customers	$ 12,337	$ 4,908	$ 1,721
Cash payments to suppliers for goods and services	(3,630)	(4,288)	(2,204)
Cash payments to employees for services	(8,381)	(368)	(809)
Other operating revenue (expense)			
Net cash provided by (used for) operating activities	326	252	(1,292)
Cash flows from noncapital financing activities:			
Loans from the general fund	200		
Repayment of loans to the general fund	(200)		
Operating transfers out			
Negative cash balance implicitly financed			576
Net cash provided by (used for) noncapital financing activities			576
Cash flows from capital and related financing activities:			
Principal paid on capital lease obligations	(280)	(69)	
Acquisition of capital assets	(123)		
Net cash provided by (used for) capital and related financing activities	(403)	(69)	
Cash flows from investing activities:			
Interest on investments			
Net cash provided by (used for) investing activities			
Net increase (decrease) in cash and cash equivalents	(77)	183	(716)
Cash and cash equivalents - July 1	1,320	12	716
Cash and cash equivalents - June 30	$ 1,243	$ 195	$
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	$ (358)	$ 299	$ 576
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	$ 283	$ 63	$ 4
Other revenue (expense) and operating transfer in (out)			
(Increase) decrease in assets:			
Receivables	(1,427)		(1,814)
Inventory		(177)	
Prepaid items			
Increase (decrease) in liabilities:			
Vouchers and accounts payable	1,123	21	(49)
Accrued expenses	705	46	(9)
Total adjustments	684	(47)	(1,868)
Net cash provided by (used for) operating activities	$ 326	252	$ (1,292)

(Continued)

State of Rhode Island and Providence Plantations
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2005
(Expressed in Thousands)

	Pastore Communications	Central Pharmacy	Central Laundry
Cash flows from operating activities:			
Cash received from customers	$ 456	$ 9,517	$ 1,060
Cash payments to suppliers for goods and services	(448)	(8,645)	(586)
Cash payments to employees for services	(54)	(425)	(765)
Other operating revenue (expense)			
Net cash provided by (used for) operating activities	(46)	447	(291)
Cash flows from noncapital financing activities:			
Loans from the general fund		400	
Repayment of loans to the general fund		(400)	
Operating transfers out			
Negative cash balance implicitly financed	146	176	798
Net cash provided by (used for) noncapital financing activities	146	176	798
Cash flows from capital and related financing activities:			
Principal paid on capital lease obligations			
Acquisition of capital assets			
Net cash provided by (used for) capital and related financing activities			
Cash flows from investing activities:			
Interest on investments			
Net cash provided by (used for) investing activities			
Net increase (decrease) in cash and cash equivalents	100	623	507
Cash and cash equivalents - July 1	(100)	(623)	(507)
Cash and cash equivalents - June 30	$	$	$
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	$ (2)	$ (57)	$ (348)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	$ 3	$	$ 107
Other revenue (expense) and operating transfer in (out)			
(Increase) decrease in assets:			
Receivables	63	150	4
Inventory		(29)	57
Prepaid items		69	
Increase (decrease) in liabilities:			
Vouchers and accounts payable	(110)	288	(132)
Accrued expenses		26	21
Total adjustments	(44)	504	57
Net cash provided by (used for) operating activities	$ (46)	$ 447	$ (291)

(Continued)

State of Rhode Island and Providence Plantations
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2005
(Expressed in Thousands)

	Automotive Maintenance	Central Warehouse	Correctional Industries
Cash flows from operating activities:			
Cash received from customers	$ 13,473	$ 5,422	$ 5,708
Cash payments to suppliers for goods and services	(13,331)	(4,600)	(2,905)
Cash payments to employees for services	(650)	(856)	(1,787)
Other operating revenue (expense)			1
Net cash provided by (used for) operating activities	(508)	(34)	1,017
Cash flows from noncapital financing activities:			
Loans from the general fund	1,000	200	850
Repayment of loans to the general fund	(1,100)	(200)	(850)
Operating transfers out			
Negative cash balance implicitly financed			
Net cash provided by (used for) noncapital financing activities	(100)		
Cash flows from capital and related financing activities:			
Principal paid on capital lease obligations		(174)	
Acquisition of capital assets			(109)
Net cash provided by (used for) capital and related financing activities		(174)	(109)
Cash flows from investing activities:			
Interest on investments	36		22
Net cash provided by (used for) investing activities	36		22
Net increase (decrease) in cash and cash equivalents	(572)	(208)	930
Cash and cash equivalents - July 1	1,362	379	343
Cash and cash equivalents - June 30	$ 790	$ 171	$ 1,273
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	$ 621	$ (336)	$ 293
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	$	$ 154	$ 132
Other revenue (expense) and operating transfer in (out)			1
(Increase) decrease in assets:			
Receivables	(80)	(183)	225
Inventory	(26)	(23)	(1)
Prepaid items			88
Increase (decrease) in liabilities:			
Vouchers and accounts payable	(1,047)	315	216
Accrued expenses	24	39	63
Total adjustments	(1,129)	302	724
Net cash provided by (used for) operating activities	$ (508)	$ (34)	$ 1,017

(Continued)

State of Rhode Island and Providence Plantations
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2005
(Expressed in Thousands)

	Surplus Property	Records Center	Health Insurance	Total
Cash flows from operating activities:				
Cash received from customers	$ 71	$ 1,072	$ 98,369	$ 203,055
Cash payments to suppliers for goods and services	(9)	(739)	(90,621)	(175,504)
Cash payments to employees for services		(316)		(17,581)
Other operating revenue (expense)				9
Net cash provided by (used for) operating activities	62	17	7,748	9,979
Cash flows from noncapital financing activities:				
Loans from the general fund			16,400	19,050
Repayment of loans to the general fund			(16,400)	(19,150)
Operating transfers out				(1,106)
Negative cash balance implicitly financed				1,761
Net cash provided by (used for) noncapital financing activities				555
Cash flows from capital and related financing activities:				
Principal paid on capital lease obligations				(523)
Acquisition of capital assets	(15)			(247)
Net cash provided by (used for) capital and related financing activities	(15)			(770)
Cash flows from investing activities:				
Interest on investments				90
Net cash provided by (used for) investing activities				90
Net increase (decrease) in cash and cash equivalents	47	17	7,748	9,854
Cash and cash equivalents - July 1		127		4,700
Cash and cash equivalents - June 30	$ 47	$ 144	$ 7,748	$ 14,554
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	$ 31	$ (76)	$ 9,347	$ 13,189
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	$ 2	$ 1	$	$ 749
Other revenue (expense) and operating transfer in (out)	(4)			5
(Increase) decrease in assets:				
Receivables	33		(8,498)	(10,088)
Inventory				(199)
Prepaid items			(8,868)	(8,711)
Increase (decrease) in liabilities:				
Vouchers and accounts payable		78	15,767	14,040
Accrued expenses		14		994
Total adjustments	31	93	(1,599)	(3,210)
Net cash provided by (used for) operating activities	$ 62	$ 17	$ 7,748	$ 9,979

(Concluded)

Pension Trust Funds

Pension Trust Funds – used to report resources that are required to be held in trust for the members and beneficiaries of the State sponsored defined benefit pension plans.

Employees' Retirement System – a multiple-employer, cost-sharing, public employee retirement plan for State employees, teachers and certain employees of local school districts.

State Police Benefit Trust – a single-employer public employee retirement plan for State police hired after July 1, 1987.

Judicial Benefit Trust – a single-employer public employee retirement plan for State judges appointed after December 31, 1989.

Municipal Employees' Retirement System – an agent multiple-employer public employee retirement plan for municipal police, firemen and employees of municipalities, housing authorities and water and sewer districts that have elected to participate.

State of Rhode Island and Providence Plantations
Combining Statement of Plan Net Assets
Pension Trust Funds
June 30, 2005
(Expressed in Thousands)

	Employees' Retirement System	Municipal Employees' Retirement	State Police Retirement Benefits Trust	Judicial Retirement Benefits Trust	Totals
Assets					
Cash and cash equivalents	$ 3,996	$ 190	$ 261	$ 175	$ 4,622
Receivables					
Contributions	20,115	2,919	28	18	23,080
Due from state for teachers	11,202				11,202
Due from other plans	1,255	338			1,593
Miscellaneous	3,794	89			3,883
Total receivables	36,366	3,346	28	18	39,758
Investments, at fair value					
Equity in Short-Term Investment Fund	15,684	2,926			18,610
Equity in Pooled Trust	5,710,024	905,644	30,171	19,700	6,665,539
Plan specific investments	15,984				15,984
Total investments before lending activities	5,741,692	908,570	30,171	19,700	6,700,133
Invested securities lending collateral	865,729	137,323	4,576	2,988	1,010,616
Property and equipment, at cost, net of accumulated depreciation	11,580	1,707	30	19	13,336
Total Property and Equipment	11,580	1,707	30	19	13,336
Total assets	6,659,363	1,051,136	35,066	22,900	7,768,465
Liabilities					
Securities lending liability	865,729	137,323	4,576	2,988	1,010,616
Accounts payable	5,459	922	32	19	6,432
Due to other plans	338	1,255			1,593
Total liabilities	871,526	139,500	4,608	3,007	1,018,641
Net assets held in trust for pension benefits	$ 5,787,837	$ 911,636	$ 30,458	$ 19,893	$ 6,749,824

State of Rhode Island and Providence Plantations
Combining Statement of Changes in Plan Net Assets
Pension Trust Funds
For the Year Ended June 30, 2005
(Expressed in Thousands)

	Employees' Retirement System	Municipal Employees' Retirement	State Police Retirement Benefits Trust	Judicial Retirement Benefits Trust	Totals
Additions					
Contributions					
Member contributions	$ 133,294	$ 19,779	$ 792	$ 497	$ 154,362
Employer contributions	140,881	13,082	2,615	2,057	158,635
State contributions for teachers	48,835				48,835
Interest on service credits purchased	1,392	176			1,568
Total contributions	324,402	33,037	3,407	2,554	363,400
Investment income					
Net appreciation (depreciation) in fair value of investments	445,391	68,871	1,900	1,240	517,402
Interest	72,947	11,386	357	232	84,922
Dividends	59,764	9,426	300	195	69,685
Other investment income	48,311	7,586	235	152	56,284
	626,413	97,269	2,792	1,819	728,293
Less investment expense	18,961	2,877	92	60	21,990
Net income from investing activities	607,452	94,392	2,700	1,759	706,303
Securities Lending					
Securities lending income	17,542	2,783	93	61	20,479
Less securities lending expense	15,842	2,513	84	55	18,494
Net securities lending income	1,700	270	9	6	1,985
Total net investment income	609,152	94,662	2,709	1,765	708,288
Total additions	933,554	127,699	6,116	4,319	1,071,688
Deductions					
Benefits					
Retirement benefits	393,869	37,245	111	145	431,370
Cost of living adjustment	96,153	5,176	3	8	101,340
SRA Plus (option)	26,420	1,291			27,711
Supplemental benefits	1,067				1,067
Death benefits	2,563	524			3,087
Total benefits	520,072	44,236	114	153	564,575
Refund of contributions	9,158	1,481		91	10,730
Administrative expense	5,390	996	40	26	6,452
Total deductions	534,620	46,713	154	270	581,757
Change in net assets	398,934	80,986	5,962	4,049	489,931
Net assets held in trust for pension benefits					
Net assets - beginning	5,388,903	830,650	24,496	15,844	6,259,893
Net assets - ending	**$** 5,787,837	**$** 911,636	**$** 30,458	**$** 19,893	**$** 6,749,824

Agency Funds

Agency Funds – used to report resources held by the State in a purely custodial capacity (assets equal liabilities).

Statutory Deposits – accounts for deposits required from financial institutions, principally insurance companies, doing business within the state.

Court Deposits – accounts for deposits held by various state courts pending resolution of litigation between two or more parties.

State of Rhode Island and Providence Plantations
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2005
(Expressed in Thousands)

Statutory Deposits

Assets	Balance July 1, 2004	Additions	Deductions	Balance June 30, 2005
Cash and cash equivalents	$ 5,134	$	$ 1,944	$ 3,190
Deposits held as security for entities doing business in the State	61,411	5,737		67,148
Total assets	$ 66,545	$ 5,737	$ 1,944	$ 70,338
Liabilities				
Deposits held for others	$ 66,545	$ 3,793	$	$ 70,338
Total liabilities	$ 66,545	$ 3,793	$	$ 70,338

Court Deposits

Assets	Balance July 1, 2004	Additions	Deductions	Balance June 30, 2005
Cash and cash equivalents	$ 11,942	$ 154	$	$ 12,096
Total assets	$ 11,942	$ 154	$	$ 12,096
Liabilities				
Deposits held for others	$ 11,942	$ 154	$	$ 12,096
Total liabilities	$ 11,942	$ 154	$	$ 12,096

Total - All Agency Funds

Assets	Balance July 1, 2004	Additions	Deductions	Balance June 30, 2005
Cash and cash equivalents	$ 17,076	$ 154	$ 1,944	$ 15,286
Deposits held as security for entities doing business in the State	61,411	5,737		67,148
Total assets	$ 78,487	$ 5,891	$ 1,944	$ 82,434
Liabilities				
Deposits held for others	$ 78,487	$ 3,947	$	$ 82,434
Total liabilities	$ 78,487	$ 3,947	$	$ 82,434

Discretely Presented Component Units

Rhode Island Housing and Mortgage Finance Corporation (RIHMFC) created in order to expand the supply of housing available to persons of low and moderate income and to stimulate the construction and rehabilitation of housing and health care facilities in the state.

Rhode Island Student Loan Authority (RISLA) - created in order to provide a statewide student loan program through the acquisition of student loans.

Rhode Island Turnpike and Bridge Authority (RITBA) - created by the General Assembly as a body corporate and politic, with powers to construct, acquire, maintain and operate bridge projects as defined by law.

Rhode Island Economic Development Corporation (RIEDC) - created in 1995 and its purpose is to promote and encourage the preservation, expansion, and sound development of new and existing industry, business, commerce, agriculture, tourism, and recreational facilities in the state, which will promote economic development. It has the power to issue tax-exempt industrial development bonds to accomplish its corporate purpose.

R.I. Underground Storage Tank Financial Responsibility (RIUSTFR) – accounts for a designated portion of the gasoline tax to be used to facilitate the clean-up of leaking underground storage tanks or underground storage tanks systems, in order to protect the environment, including drinking water supplies and public health.

Narragansett Bay Commission (NBC) - created for the purposes of acquiring, planning, constructing, extending, improving, operating and maintaining publicly owned wastewater treatment facilities.

Rhode Island Health and Educational Building Corporation (RIHEBC) – created: (1) to assist in providing financing for education facilities for colleges and universities operating in the state; (2) to assist hospitals in the state in the financing of health care facilities; (3) to assist stand-alone, non-profit assisted-living and adult daycare facilities; (4) to assist in financing a broad range of non-profit health care providers; and (5) to assist in financing non-profit secondary schools and child care centers.

Rhode Island Resource Recovery Corporation (RIRRC) created in order to provide and/or coordinate solid waste management services to municipalities and persons within the state. RIRRC has the power to issue negotiable bonds and notes to achieve its corporate purpose.

Rhode Island Higher Education Assistance Authority (RIHEAA) - created by law in 1977 for the dual purpose of guaranteeing loans to students in eligible institutions and administering other programs of post secondary student financial assistance.

Discretely Presented Component Units

Rhode Island Public Transit Authority (RIPTA) created to acquire any mass motor bus transportation system if that system has previously filed a petition to discontinue its service and further, if RIPTA determines it is in the public interest to continue such.

Rhode Island Industrial Facilities Corporation (RIIFC) - created to issue revenue bonds, construction loan notes and equipment acquisition notes for the financing of projects which further industrial development in the state.

Rhode Island Clean Water Finance Agency (RICWFA) created for the purpose of providing financial assistance in the form of loans to municipalities, sewer commissions and waste water management districts in the state for the construction or upgrading of water pollution abatement projects.

Rhode Island Industrial-Recreational Building Authority (RIIRBA) created to insure first mortgages and first security agreements granted by financial institutions and the Rhode Island Industrial Facilities Corporation for companies conducting business in the State.

Rhode Island Water Resources Board Corporate (RIWRBC) - created to foster and guide the development of water resources including the establishment of water supply facilities and lease these facilities to cities, towns, districts, and other municipal, quasi-municipal or private corporations engaged in the water supply business in the State.

Rhode Island Public Telecommunications Authority (RIPTCA) – created to operate a non-commercial educational television station in the state.

Rhode Island Children's Crusade for Higher Education (RICCHE) - created for the purpose of fostering the education of economically disadvantaged youth through scholarship awards, summer jobs programs, and mentoring programs for parents and students.

University of Rhode Island (URI), Rhode Island College (RIC) and Community College of Rhode Island (CCRI) – collectively these three institutions are the higher education system of the State.

Central Falls School District (CFSD) – created to provide elementary and secondary education to residents of the City of Central Falls.

For more detailed information, contact the applicable administration office as listed in Note 1(B).

State of Rhode Island and Providence Plantations
Combining Statement of Net Assets
Component Units
June 30, 2005
(Expressed in Thousands)

	RIHMFC	RISLA	RITBA	RIEDC	RIUSTRF	NBC
Assets						
Current Assets:						
Cash and cash equivalents	$ 235,242	$ 1,469	$ 5,432	$ 48,465	$ 1,468	$ 18,021
Investments	615,805					
Receivables (net)	958,759	64,651	219	10,032	1,169	17,667
Restricted assets:						
Cash and cash equivalents		198,467		9,995		
Investments		5,172				
Due from primary government						
Due from other governments				3,928		
Inventories						
Other assets		974	77	1,658	19	143
Total current assets	1,809,806	270,733	5,728	74,078	2,656	35,831
Noncurrent Assets:						
Investments			28,441			
Receivables (net)		626,246	52	4,699		
Restricted assets:						
Cash and cash equivalents			2,306	69,861		24,287
Investments			3,566	87,875		
Other assets				38,399		
Capital assets - nondepreciable			7,992	86,652		275,933
Capital assets - depreciable (net)			59,417	242,839	57	207,493
Other assets, net of amortization	34,460	3,760	187	4,931	4	4,233
Total noncurrent assets	34,460	630,006	101,961	535,256	61	511,946
Total assets	1,844,266	900,739	107,689	609,334	2,717	547,777
Liabilities						
Current liabilities:						
Cash overdraft		27				
Accounts payable			2,198	1,637		10,496
Due to primary government				2,990		
Due to (from) other component units				(610)		
Due to other governments		487				
Deferred revenue		6,354	777			299
Other liabilities	28,548	3,208	509	5,955	691	4,744
Current portion of long-term debt	329,415	5,760	1,970	13,711		11,139
Total current liabilities	357,963	15,836	5,454	23,683	691	26,678
Noncurrent liabilities:						
Due to primary government				15,317		
Due to other governments						
Deferred revenue	3,997					
Notes payable						
Loans payable						213,177
Obligations under capital leases						266
Other liabilities	188,908	21,649		6,184		95
Compensated absences						
Bonds payable	1,031,787	797,607	29,826	307,669		68,635
Total noncurrent liabilities	1,224,692	819,256	29,826	329,170		282,173
Total liabilities	1,582,655	835,092	35,280	352,853	691	308,851
Net assets						
Invested in capital assets, net of related debt	20,132		35,613	136,410	57	190,210
Restricted for:						
Debt	164,304	63,462	8,760			
Other				90,424	535	49
Other nonexpendable						
Unrestricted	77,175	2,185	28,036	29,647	1,434	48,667
Total net assets	$ 261,611	$ 65,647	$ 72,409	$ 256,481	$ 2,026	$ 238,926

(Continued)

State of Rhode Island and Providence Plantations
Combining Statement of Net Assets
Component Units
June 30, 2005
(Expressed in Thousands)

	RIHEBC	RIRRC	RIHEAA	RIPTA	RIIFC
Assets					
Current Assets:					
Cash and cash equivalents	$ 303	$ 5,720	$ 7,700	$ 5,043	$ 1,141
Investments	8,926		2,772	223	
Receivables (net)	521	7,041	39	3,121	55
Restricted assets:					
Cash and cash equivalents					
Investments					
Due from primary government				2,323	
Due from other governments			653		
Inventories				2,226	
Other assets	24	1,427	113	1,070	
Total current assets	9,774	14,188	11,277	14,006	1,196
Noncurrent Assets:					
Investments		153	15,782		
Receivables (net)	2,220		278		
Restricted assets:					
Cash and cash equivalents			555		
Investments		1,707			
Other assets		60,322			
Capital assets - nondepreciable		8,078	194	2,879	
Capital assets - depreciable (net)	88	68,287	1,184	86,936	
Other assets, net of amortization		25,358			
Total noncurrent assets	2,308	163,905	17,993	89,815	
Total assets	12,082	178,093	29,270	103,821	1,196
Liabilities					
Current liabilities:					
Cash overdraft					
Accounts payable	72	10,730	546	4,605	
Due to primary government				647	
Due to (from) other component units					594
Due to other governments			3,289		
Deferred revenue				4	235
Other liabilities	58	847		3,916	
Current portion of long-term debt		1,885	107		
Total current liabilities	130	13,462	3,942	9,172	829
Noncurrent liabilities:					
Due to primary government				7,636	
Due to other governments			395		
Deferred revenue			378	297	
Notes payable		850			
Loans payable					
Obligations under capital leases					
Other liabilities		65,930		1,371	
Compensated absences			243		
Bonds payable		16,877			
Total noncurrent liabilities		83,657	1,016	9,304	
Total liabilities	130	97,119	4,958	18,476	829
Net assets					
Invested in capital assets, net of related debt	88	81,068	1,377	89,815	
Restricted for:					
Debt		1,707			
Other			17,972		
Other nonexpendable					
Unrestricted	11,864	(1,801)	4,963	(4,470)	367
Total net assets	$ 11,952	$ 80,974	$ 24,312	$ 85,345	$ 367

(Continued)

State of Rhode Island and Providence Plantations
Combining Statement of Net Assets
Component Units
June 30, 2005
(Expressed in Thousands)

	RICWFA	RIIRBA	RIWRBC	RIPTCA	RICCHE
Assets					
Current Assets:					
Cash and cash equivalents	$ 51,493	$ 4,174	$ 6,117	$ 88	$ 115
Investments	96,454			941	
Receivables (net)	29,250	6	213	82	434
Restricted assets:					
Cash and cash equivalents					616
Investments	126,832				
Due from primary government					
Due from other governments					
Inventories				26	
Other assets	135		900	4	
Total current assets	304,164	4,180	7,230	1,141	1,165
Noncurrent Assets:					
Investments			1,853		8,434
Receivables (net)	517,280				
Restricted assets:					
Cash and cash equivalents	1,260				
Investments					
Other assets					
Capital assets - nondepreciable		181		821	
Capital assets - depreciable (net)	50	396	4	5,156	51
Other assets, net of amortization	5,144	42	4,115	195	
Total noncurrent assets	523,734	619	5,972	6,172	8,485
Total assets	827,898	4,799	13,202	7,313	9,650
Liabilities					
Current liabilities:					
Cash overdraft					
Accounts payable	4,221		2	305	796
Due to primary government					
Due to (from) other component units		16			
Due to other governments					
Deferred revenue		31	715	52	
Other liabilities	6,032	13	187	449	2,770
Current portion of long-term debt	17,890		1,536	376	
Total current liabilities	28,143	60	2,440	1,182	3,566
Noncurrent liabilities:					
Due to primary government					
Due to other governments					
Deferred revenue				707	
Notes payable	7,719	3,000			
Loans payable					
Obligations under capital leases			2	2,415	
Other liabilities	722				
Compensated absences				188	
Bonds payable	499,552		12,694		
Total noncurrent liabilities	507,993	3,000	12,696	3,310	
Total liabilities	536,136	3,060	15,136	4,492	3,566
Net assets					
Invested in capital assets, net of related debt	50	577		2,480	51
Restricted for:					
Debt	279,998				
Other			(2,301)		616
Other nonexpendable					
Unrestricted	11,714	1,162	367	341	5,417
Total net assets	$ 291,762	$ 1,739	$ (1,934)	$ 2,821	$ 6,084

(Continued)

State of Rhode Island and Providence Plantations
Combining Statement of Net Assets
Component Units
June 30, 2005
(Expressed in Thousands)

	URI	RIC	CCRI	CFSD	Totals
Assets					
Current Assets:					
Cash and cash equivalents	$ 43,626	$ 10,496	$ 5,616	$ 1,184	$ 452,913
Investments					725,121
Receivables (net)	34,791	4,105	3,250	46	1,135,451
Restricted assets:					
Cash and cash equivalents					209,078
Investments					132,004
Due from primary government					2,323
Due from other governments					4,581
Inventories	5,762	501	492		9,007
Other assets	33		1,414	4,751	12,742
Total current assets	84,212	15,102	10,772	5,981	2,683,220
Noncurrent Assets:					
Investments	75,904	11,940	1,230		143,737
Receivables (net)	13,347	4,346	38		1,168,506
Restricted assets:					
Cash and cash equivalents	18	2,351	1,394		102,032
Investments					93,148
Other assets	72,666	1,897	709		173,993
Capital assets - nondepreciable	15,700	8,833	12,362		419,625
Capital assets - depreciable (net)	248,390	48,927	37,140	3,801	1,010,216
Other assets, net of amortization	2,372	1,055			85,856
Total noncurrent assets	428,397	79,349	52,873	3,801	3,197,113
Total assets	512,609	94,451	63,645	9,782	5,880,333
Liabilities					
Current liabilities:					
Cash overdraft					27
Accounts payable	31,971	7,568	5,091	3,038	83,276
Due to primary government			1,049		4,686
Due to (from) other component units					
Due to other governments					3,776
Deferred revenue	11,825	2,577	1,322		24,191
Other liabilities	277	2,737	312	2,685	63,938
Current portion of long-term debt	5,266	3,637	3,743	230	396,665
Total current liabilities	49,339	16,519	11,517	5,953	576,559
Noncurrent liabilities:					
Due to primary government					22,953
Due to other governments		3,863			4,258
Deferred revenue					5,379
Notes payable		1,987			13,556
Loans payable	168		275	370	213,990
Obligations under capital leases	14,307	149	1,807	30	18,976
Other liabilities	11,621	313	44		296,837
Compensated absences	15,911	2,301	2,031	1,567	22,241
Bonds payable	164,746	12,031	3,188		2,944,612
Total noncurrent liabilities	206,753	20,644	7,345	1,967	3,542,802
Total liabilities	256,092	37,163	18,862	7,920	4,119,361
Net assets					
Invested in capital assets, net of related debt	147,543	42,960	43,827	3,272	795,530
Restricted for:					
Debt					518,231
Other	34,669	7,596	5,508	135	155,203
Other nonexpendable	58,142	8,536			66,678
Unrestricted	16,163	(1,804)	(4,552)	(1,545)	225,330
Total net assets	$ 256,517	$ 57,288	$ 44,783	$ 1,862	$ 1,760,972

(Concluded)

State of Rhode Island and Providence Plantations
Combining Statement of Revenues, Expenses, and Changes in Net Assets
Component Units
For the Year Ended June 30, 2005
(Expressed in Thousands)

	RIHMFC	RISLA	RITBA	RIEDC	RIUSTRF	NBC
Operating revenues:						
Charges for services	$ 5,367	$	$ 12,293	$ 54,720	$ 4,602	$ 53,778
Interest income on loans	55,406	40,854				
Interest on investments	24,676					
Net increase (decrease) in fair value of investments	4,278					
Other operating income	584					
Total operating revenues	90,311	40,854	12,293	54,720	4,602	53,778
Operating expenses:						
Personal services	10,163	345	1,771	23,338	306	15,368
Supplies, materials, and services	6,525	7,323	2,777	19,425	3,866	11,048
Interest expense	55,124	17,541				
Grants, scholarships and contract programs				4,982		
Depreciation, depletion and amortization	4,476	252	1,572	15,414	18	6,397
Other operating expenses	5,711	14,298	214	4,858		
Total operating expenses	81,999	39,759	6,334	68,017	4,190	32,813
Operating income (loss)	8,312	1,095	5,959	(13,297)	412	20,965
Nonoperating revenues (expenses):						
Interest revenue		1,830	2,514	5,125	25	914
Grants				802		36
Payments from primary government				9,180		
Gain (loss) on sale of property		2,667		235		
Interest expense			(1,351)	(13,714)		(8,383)
Net increase (decrease) in fair value of investments						
Other nonoperating revenue (expenses)		(5,000)		17,441		(8)
Total nonoperating revenue (expenses)		(503)	1,163	19,069	25	(7,441)
Income (loss) before contributions	8,312	592	7,122	5,772	437	13,524
Capital contributions				9,022		2,942
Change in net assets	8,312	592	7,122	14,794	437	16,466
Total net assets - beginning, as restated	253,299	65,055	65,287	241,687	1,589	222,460
Total net assets - ending	$ 261,611	$ 65,647	$ 72,409	$ 256,481	$ 2,026	$ 238,926

(Continued)

State of Rhode Island and Providence Plantations
Combining Statement of Revenues, Expenses, and Changes in Net Assets
Component Units
For the Year Ended June 30, 2005
(Expressed in Thousands)

	RIHEBC	RIRRC	RIHEAA	RIPTA	RIIFC
Operating revenues:					
Charges for services	$ 1,686	$ 63,088	$ 14,058	$ 27,664	$ 135
Interest income on loans	114				
Interest on investments					
Net increase (decrease) in fair value of investments					
Other operating income		1,960	1,397		2
Total operating revenues	1,800	65,048	15,455	27,664	137
Operating expenses:					
Personal services	293	13,140	2,833	53,078	
Supplies, materials, and services	896	18,196	5,732	20,056	(31)
Interest expense					
Grants, scholarships and contract programs		870	14,933		
Depreciation, depletion and amortization	31	10,653	251	9,937	
Other operating expenses		14,489	119		
Total operating expenses	1,220	57,348	23,868	83,071	(31)
Operating income (loss)	580	7,700	(8,413)	(55,407)	168
Nonoperating revenues (expenses):					
Interest revenue	169	3,472	610	66	11
Grants				12,609	
Payments from primary government			9,957	30,219	
Gain (loss) on sale of property				(5)	
Interest expense		(960)		(10)	
Net increase (decrease) in fair value of investments					
Other nonoperating revenue (expenses)		(6,011)	(2,681)	3,138	(250)
Total nonoperating revenue (expenses)	169	(3,499)	7,886	46,017	(239)
Income (loss) before contributions	749	4,201	(527)	(9,390)	(71)
Capital contributions				6,242	
Change in net assets	749	4,201	(527)	(3,148)	(71)
Total net assets - beginning, as restated	11,203	76,773	24,839	88,493	438
Total net assets - ending	$ 11,952	$ 80,974	$ 24,312	$ 85,345	$ 367

(Continued)

State of Rhode Island and Providence Plantations
Combining Statement of Revenues, Expenses, and Changes in Net Assets
Component Units
For the Year Ended June 30, 2005
(Expressed in Thousands)

	RICWFA	RIIRBA	RIWRBC	RIPTCA	RICCHE
Operating revenues:					
Charges for services	$ 2,665	$ 196	$ 1,463	$ 735	$
Interest income on loans	22,083				261
Interest on investments					
Net increase (decrease) in fair value of investments					
Other operating income	2,350	60		1,505	5,505
Total operating revenues	27,098	256	1,463	2,240	5,766
Operating expenses:					
Personal services	395			2,164	2,955
Supplies, materials, and services	2,670	82	11	1,267	801
Interest expense	20,266				2
Grants, scholarships and contract programs					5,612
Depreciation, depletion and amortization	272	36	107	736	32
Other operating expenses		220			58
Total operating expenses	23,603	338	118	4,167	9,460
Operating income (loss)	3,495	(82)	1,345	(1,927)	(3,694)
Nonoperating revenues (expenses):					
Interest revenue		74	169	67	
Grants	23,985		(1,225)		
Payments from primary government				3,189	1,565
Gain (loss) on sale of property					
Interest expense		(101)	(611)	(122)	
Net increase (decrease) in fair value of investments					
Other nonoperating revenue (expenses)				217	95
Total nonoperating revenue (expenses)	23,985	(27)	(1,667)	3,351	1,660
Income (loss) before contributions	27,480	(109)	(322)	1,424	(2,034)
Capital contributions					
Change in net assets	27,480	(109)	(322)	1,424	(2,034)
Total net assets - beginning, as restated	264,282	1,848	(1,612)	1,397	8,118
Total net assets - ending	$ 291,762	$ 1,739	$ (1,934)	$ 2,821	$ 6,084

(Continued)

State of Rhode Island and Providence Plantations
Combining Statement of Revenues, Expenses, and Changes in Net Assets
Component Units
For the Year Ended June 30, 2005
(Expressed in Thousands)

	URI	RIC	CCRI	CFSD	Totals
Operating revenues:					
Charges for services	$ 166,057	$ 45,074	$ 31,190	$ 1,669	$ 486,440
Interest income on loans					118,718
Interest on investments				17	24,693
Net increase (decrease) in fair value of investments					4,278
Other operating income	82,457	14,038	12,844	8,528	131,230
Total operating revenues	248,514	59,112	44,034	10,214	765,359
Operating expenses:					
Personal services	224,013	77,186	64,025	46,993	538,366
Supplies, materials, and services	90,593	19,776	15,353	1,530	227,896
Interest expense				25	92,958
Grants, scholarships and contract programs	13,940	5,087	7,037		52,461
Depreciation, depletion and amortization	15,515	4,931	2,394	210	73,234
Other operating expenses			71		40,038
Total operating expenses	344,061	106,980	88,880	48,758	1,024,953
Operating income (loss)	(95,547)	(47,868)	(44,846)	(38,544)	(259,594)
Nonoperating revenues (expenses):					
Interest revenue					15,046
Grants		1,704	1,185		39,096
Payments from primary government	81,841	43,892	41,816	37,804	259,463
Gain (loss) on sale of property					2,897
Interest expense	(5,619)	(686)	(260)		(31,817)
Net increase (decrease) in fair value of investments	1,632	1,283	176		3,091
Other nonoperating revenue (expenses)	18,105	1,016	112	153	26,327
Total nonoperating revenue (expenses)	95,959	47,209	43,029	37,957	314,103
Income (loss) before contributions	412	(659)	(1,817)	(587)	54,509
Capital contributions	9,415	3,194	7,424		38,239
Change in net assets	9,827	2,535	5,607	(587)	92,748
Total net assets - beginning, as restated	246,690	54,753	39,176	2,449	1,668,224
Total net assets - ending	$ 256,517	$ 57,288	$ 44,783	$ 1,862	$ 1,760,972

(Concluded)

STATISTICAL SECTION

State of Rhode Island and Providence Plantations
Revenues by Source and Expenditures by Function
All Governmental Fund Types

Last Ten Fiscal Years
(Expressed in thousands)

Revenues by Source	2005	2004	2003	2002	2001
Taxes	$ 2,687,482	$ 2,477,878	$ 2,330,076	$ 2,181,956	$ 2,282,436
Licenses, fines, sales and services	238,344	242,280	230,917	198,737	216,843
Departmental restricted revenues	113,589	107,407	78,126	79,840	77,339
Federal grants	1,884,104	1,847,200	1,597,545	1,487,126	1,416,685
Income from investments	13,770	10,310	7,808	9,814	24,592
Other revenues	80,872	93,051	123,637	60,688	53,565
Total revenues	$ 5,018,161	$ 4,778,126	$ 4,368,109	$ 4,018,161	$ 4,071,460

Expenditures by Function	2005	2004	2003	2002	2001
Current:					
General government	$ 512,896	$ 461,741	$ 445,497	$ 428,884	$ 267,920
Human services	2,506,929	2,409,774	2,232,252	2,103,198	2,077,462
Education	265,001	72,838	101,270	92,035	63,324
Public safety	328,839	311,701	297,070	288,363	279,626
Natural resources	64,138	59,678	53,207	64,568	56,483
Transportation	209,470	161,974	143,635	122,208	53,390
Capital outlay	241,306	200,880	195,611	203,729	234,221
Intergovernmental	1,127,496	1,053,682	947,791	896,800	856,770
Debt service	226,565	183,612	158,789	165,660	155,409
Total expenditures	$ 5,482,640	$ 4,915,880	$ 4,575,122	$ 4,365,445	$ 4,044,605

(Continued)

State of Rhode Island and Providence Plantations
Revenues by Source and Expenditures by Function
All Governmental Fund Types

Last Ten Fiscal Years
(Expressed in thousands)

Revenues by Source	2000	1999	1998	1997	1996
Taxes	$ 2,082,906	$ 1,919,008	$ 1,851,224	$ 1,686,265	$ 1,584,277
Licenses, fines, sales and services	183,753	175,925	169,496	179,634	173,736
Departmental restricted revenues	114,462	107,208	119,561	91,317	92,854
Federal grants	1,257,203	1,215,433	1,079,633	1,082,058	1,009,558
Income from investments	19,270	20,426	17,568	11,658	12,118
Other revenues	36,631	32,657	32,113	23,793	19,966
Total revenues	$ 3,694,225	$ 3,470,657	$ 3,269,595	$ 3,074,725	$ 2,892,509

Expenditures by Function	2000	1999	1998	1997	1996
Current:					
General government	$ 222,125	$ 211,525	$ 227,620	$ 198,800	$ 197,233
Human services	1,880,477	1,761,940	1,644,950	1,596,517	1,539,547
Education	59,869	43,723	43,222	39,877	33,415
Public safety	257,625	246,057	233,031	215,939	211,777
Natural resources	52,450	54,729	46,568	43,532	39,000
Transportation	45,368	43,660	32,934	33,275	43,391
Capital outlay	229,678	227,573	145,846	138,758	148,942
Intergovernmental	765,670	684,890	591,766	561,001	535,455
Debt service	150,191	125,062	123,086	115,358	107,870
Total expenditures	$ 3,663,453	$ 3,399,159	$ 3,089,023	$ 2,943,057	$ 2,856,630

(Concluded)

State of Rhode Island and Providence Plantations

Ratio of Annual Debt Service to General Expenditures

Last Ten Fiscal Years

(Expressed in thousands)

Fiscal Year	Debt Service (Principal and Interest)	Total General Expenditures	Ratio
2005	$ 226,565	$ 5,482,640	4.13%
2004	183,612	4,915,880	3.74%
2003	158,789	4,575,122	3.47%
2002	165,660	4,365,445	3.79%
2001	155,409	4,044,605	3.84%
2000	150,191	3,663,453	4.10%
1999	125,062	3,399,159	3.68%
1998	123,086	3,089,023	3.98%
1997	115,358	2,943,057	3.92%
1996	107,870	2,856,630	3.78%

State of Rhode Island and Providence Plantations

General Obligation Debt Per Capita

Last Ten Fiscal Years

(Expressed in thousands except per capita)

Fiscal Year	Rhode Island Population	General Obligation Bonds Outstanding	G.O. Debt per Capita
2004	1,081	**$** 762,637	705
2003	1,076	728,644	677.18
2002	1,070	827,057	772.95
2001	1,059	1,035,400	977.71
2000	1,048	1,078,614	1,029.21
1999	991	998,961	1,008.03
1998	988	990,772	1,002.81
1997	987	1,015,506	1,028.88
1996	988	991,786	1,003.83
1995	989	987,367	998.35

Source : ***Population*** *- U.S. Department of Commerce, Bureau of the Census*

State of Rhode Island and Providence Plantations
Schedule of the Largest Private Employers in 2005

	2005		
Rank	**Employer**	**Employed**	**Primary Business Activity**
1	Lifespan	10,597	Hospital
2	Care New England	6,526	Hospital
3	Royal Bank of Scotland	5,500	Bank
4	CVS Corporation	5,314	Pharmacies
5	Stop & Shop Supermarket Co., Inc.	4,455	Grocery Stores
6	Brown University	3,251	University
7	Bank of America	3,240	Bank
8	Shaw's Super Market	2,240	Grocery Stores
9	General Dynamics Corp	2,200	Ship & Boat Building Mfg.
10	The Jan Company	2,115	Restaurant

Source: *Rhode Island Economic Development Corporation.*
Some employers are not listed because they did not wish to participate.

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
SCHEDULE OF MISCELLANEOUS STATISTICS

Adoption of Constitution	November 5, 1842
Land area (square miles)	1,545
Miles of state highway	5,978
State Police Protection:	
Number of stations	5
Number of officers	224
Higher Education:	
Number of institutions	13
Number of educators	5,459
Number of students	80,395
Recreation:	
Number of state parks, beaches, bike paths	21
Area of state parks, beaches (acres)	13,289
Length of bike paths (miles)	43
Area of state-owned forests (square miles)	63
Percent of state covered with forest (all ownership	55%

Sources: *Rhode Island State Police Annual Report. Office of Higher Education. Rhode Island Almanac. 1Rhode Island Dept. of Environmental Management, Division of Parks and Recreation and Division of Forest Environment.*

State of Rhode Island and Providence Plantations

Schedule of Personal Income and Per Capita Personal Income

1995 Through 2004

	Personal Income (in millions)				Per Capita Personal Income (in dollars)			
	United States		Rhode Island		United States		Rhode Island	
	Amount	Percent Change	Amount	Percent Change	Amount	Percent Change	Amount	Percent Change
2004	$ 9,672.0	5.1%	36.9	8.5%	$ 33,041	4.5%	$ 34,180	7.1%
2003	9,199.0	3.4%	34.0	3.0%	31,632	2.3%	31,916	3.4%
2002	8,900.0	2.6%	33.0	2.8%	30,906	1.6%	30,859	3.8%
2001	8,677.5	4.4%	32.1	4.9%	30,413	3.3%	30,256	(.7)%
2000	8,312.3	6.8%	30.6	5.2%	29,451	3.2%	29,158	-0.7%
1999	7,783.1	5.4%	29.1	5.1%	28,542	4.5%	29,377	4.9%
1998	7,383.7	6.6%	27.7	9.1%	27,322	5.6%	28,012	5.2%
1997	6,928.6	6.0%	25.4	2.4%	25,874	5.0%	26,631	6.0%
1996	6,538.2	5.6%	24.8	4.2%	24,651	4.6%	25,123	4.5%
1995	6,192.2	5.3%	23.8	5.3%	23,562	4.3%	24,046	5.6%

State of Rhode Island and Providence Plantations

Schedule of Economic Indicators

1995 Through 2004

	Civilian Labor Force (in thousands)		Unemployment Rate		Home Sales	
	Number in Labor Force	Percent Change	Rate	Percent Change	Number of Sales	Percent Change
2004	562	-1.9%	5.2%	-3.7%	21,900	8.4%
2003	573	3.1%	5.4%	5.9%	20,200	2.5%
2002	556	10.3%	5.1%	8.5%	19,700	(9.2)%
2001	504	(0.2)%	4.7%	14.6%	21,700	11.3%
2000	505	0.2%	4.1%	0.0%	19,500	(5.8)%
1999	504	1.2%	4.1%	(16.3)%	20,700	22.5%
1998	498	(1.4)%	4.9%	(7.5)%	16,900	17.4%
1997	505	1.8%	5.3%	3.9%	14,400	21.0%
1996	496	2.3%	5.1%	(27.1)%	11,900	0.0%
1995	485	(2.4)%	7.0%	(1.4)%	11,900	2.6%

Sources: *US Department of Commerce, Bureau of Economic Analysis. US Department of Labor. Federal Reserve Bank of Boston, Rhode Island Economic Development Corporation.*